



INFORMATION CIRCULAR
(as at April 15, 2016, except as otherwise indicated)

Solicitation of Proxies

This information circular ("**Information Circular**") is furnished in connection with the solicitation of proxies by Canyon Services Group Inc. (the "**Corporation**") for use at the annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of the Corporation to be held on Wednesday, May 18, 2016, at 3:00 p.m. (Calgary time) at The Petroleum Club, McMurray Room, 319 – 5th Avenue S.W., Calgary, Alberta T2P 0L6, and at any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of meeting (the "**Notice of Meeting**"). Proxies must be delivered to Computershare Trust Company of Canada ("**Computershare**"), 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting. The disclosure in this Information Circular is given as at April 15, 2016, unless otherwise indicated. All dollar amounts and references to "\$" in this Information Circular are in Canadian dollars.

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

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

Revocability of Proxy

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

Persons Making the Solicitation

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

In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements may be made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common

Shares held at the date of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

Exercise of Discretion by Proxy

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

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

Notice to Beneficial Holders of Common Shares

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

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

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy or Voting Instruction Form

provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker. In this case, do not otherwise complete the form of proxy or Voting Instruction Form as your vote will be taken at the Meeting.

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

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The board of directors of the Corporation (the "**Board**") has fixed March 29, 2016 as the record date (the "**Record Date**") for the Meeting. Shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote thereat or at any adjournment or postponement thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he, she or it owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting.

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("**Preferred Shares**"), issuable in series. As at April 15, 2016, 85,826,341 Common Shares and nil Preferred Shares were issued and outstanding.

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

Name	Number of Common Shares	Percent of Outstanding
Franklin Resources, Inc.	9,777,466 ⁽¹⁾⁽²⁾	11.39% ⁽²⁾

Notes:

- (1) The Corporation understands that the Common Shares are held by underlying funds and managed accounts controlled, directly or indirectly, by Franklin Resources, Inc.
- (2) As at April 15, 2016.

VOTES NECESSARY TO PASS RESOLUTIONS

All of the matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Presentation of Financial Statements

The Board has approved the audited comparative financial statements of the Corporation for the fiscal year ended December 31, 2015 (the "**Annual Financial Statements**"). Financial information related to the Corporation for the year ended December 31, 2015 is provided in the Annual Financial Statements and the related management's discussion and analysis ("**MD&A**"). Copies of such documents are available on the Corporation's website at www.canyontech.ca and under the Corporation's profile on www.sedar.com.

2. Election of Directors of the Corporation

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

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

At the Meeting, the Shareholders will be asked to fix the number of directors of the Corporation to be elected at the Meeting at seven (7) and to elect seven (7) directors.

Majority Voting for Directors

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

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

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

Advance Notice Provisions of the Corporation's By-Laws

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

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

In the case of an annual general meeting of Shareholders, notice to the Corporation must be made not less than 30 and not more than 65 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of Shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth day following such public announcement. In the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be made not later than the close of business on the fifteenth day following the date on which the first public announcement of the date of the special meeting of Shareholders was made.

Director Nominees

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

Directors' Biographies

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

Nominee for Election as Director	Age	Director Since ⁽¹⁾	Common Shares Owned, Controlled or Directed ⁽²⁾
Bradley P.D. Fedora Alberta, Canada President, Chief Executive Officer and Director Non-Independent	46	April 9, 2008	822,200
		Mr. Fedora has been the President and Chief Executive Officer of the Corporation since November 2009 and President of the Corporation since September 2007. Mr. Fedora was a Principal in the Corporate Finance group of Peters & Co. Limited, a full service investment banking firm from 2000 to 2007. Mr. Fedora has also served as a director on a number of public and private boards.	

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(6/6)	100%
	Total	(6/6)	100%

Current Board Directorships	Public Boards	
	Horizon North Logistics Inc.	
Voting Results of 2015 AGM	Number of Votes	% of Votes
Votes For	37,606,659	99.98%
Votes Withheld	8,771	0.02%

Nominee for Election as Director	Age	Director Since ⁽¹⁾	Common Shares Owned, Controlled or Directed ⁽²⁾
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Raymond P. Antony Alberta, Canada	64	September 7, 2004	52,500
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Chairman of the Board Independent	Mr. Antony has been a self-employed businessman since August 2006. Mr. Antony has been the Chairman of the Board since May 2011 and a director of the Corporation since September 2004. Mr. Antony has been a Chartered Accountant and member of the Canadian Institute of Chartered Accountants for the past 35 years. Mr. Antony serves as an officer and director of a number of public and private oil and gas companies. Mr. Antony has a Bachelor of Commerce from the University of Alberta.
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Board and Committee Membership	Membership	Meeting Attendance
	Board	(6/6) 100%
	Audit Committee	(5/5) 100%
	Corporate Governance and Compensation Committee	(6/6) 100%
	Total	(17/17) 100%

Current Board Directorships	Public Boards
	Blackhawk Resource Corp.

Voting Results of 2015 AGM	Number of Votes	% of Votes
Votes For	36,986,064	98.33%
Votes Withheld	629,366	1.67%

Nominee for Election as Director	Age	Director Since ⁽¹⁾	Common Shares Owned, Controlled or Directed ⁽²⁾
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Neil M. MacKenzie Alberta, Canada	71	February 4, 2009	132,000
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Director Independent	Mr. MacKenzie has been a director and partner of Blackstone Drilling Fluids Limited, a private oil and gas services company, since 2010. Prior thereto Mr. MacKenzie was a Vice President and Director at Newpark Drilling Fluids Canada Inc. Mr. MacKenzie has served as an officer and director of a number of public and private oil and gas companies.
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Board and Committee Membership	Membership	Meeting Attendance
	Board	(5/6) 83%
	Health, Safety and Environment Committee	(4/5) 80%
	Total	(9/11) 81%

Current Board Directorships	Public Boards
	Yangarra Resources Ltd.

Voting Results of 2015 AGM	Number of Votes	% of Votes
Votes For	37,608,084	99.98%
Votes Withheld	7,346	0.02%

Nominee for Election as Director	Age	Director Since ⁽¹⁾	Common Shares Owned, Controlled or Directed ⁽²⁾
M. Scott Ratushny Alberta, Canada	51	May 26, 2011	47,500
Director Independent	Mr. Ratushny has been the Chairman and Chief Executive Officer of Cardinal Energy Ltd., a public oil and gas company, since May 2011. Mr. Ratushny was the Chairman and a director of Enseco Energy Services Corp., a public oil and gas services company, from 2006 to October 2015. He was also the Chairman, Chief Executive Officer and a director of Midway Energy Ltd., an oil and gas company, from July 2009 to April 2012. Mr. Ratushny has served as an officer and director of a number of public and private oil and gas companies.		

Board and Committee Membership	Membership	Meeting Attendance
	Board	(6/6) 100%
	Audit Committee	(5/5) 100%
	Total	(11/11) 100%
Current Board Directorships	Public Boards	
	Cardinal Energy Ltd.	
Voting Results of 2015 AGM	Number of Votes	% of Votes
Votes For	36,872,657	98.03%
Votes Withheld	742,773	1.97%

Nominee for Election as Director	Age	Director Since ⁽¹⁾	Common Shares Owned, Controlled or Directed ⁽²⁾
Miles Lich Alberta, Canada	52	May 22, 2013	12,400
Director Independent	Mr. Lich is an independent businessman and petroleum engineer with 30 years of industry experience. He is a Co-Founder of NPC Private Equity Fund which focuses on oil field services investing (2005-2016) Mr. Lich was also a Co-founder and the Managing Director of Northern Plains Capital Ltd., a private company, from September 2005 to 2015. Mr. Lich has sat on a number of private and publicly listed boards.		

Board and Committee Membership	Membership	Meeting Attendance
	Board	(6/6) 100%
	Corporate Governance and Compensation Committee	(6/6) 100%
	Health, Safety and Environment Committee	(5/5) 100%
	Total	(17/17) 100%
Current Board Directorships	Public Boards	
	N/A	
Voting Results of 2015 AGM	Number of Votes	% of Votes
Votes For	36,348,069	96.63%
Votes Withheld	1,267,361	3.37%

Nominee for Election as Director	Age	Director Since ⁽¹⁾	Common Shares Owned, Controlled or Directed ⁽²⁾
Ken Mullen Alberta, Canada	54	March 17, 2014	5,000
Director Independent	Mr. Mullen has been an independent businessman since January 2015. Mr. Mullen was the President, Chief Executive Officer and a director of Savanna Energy Services Corp. from 2001 until January 2015. Mr. Mullen has been a chartered accountant since 1985, a barrister and solicitor since 1992 and holds a law degree as well as a Bachelor of Commerce degree from the University of Calgary. Mr. Mullen has been a director of a number of private and publicly listed boards.		

Board and Committee Membership	Membership	Meeting Attendance
	Board	(6/6) 100%
	Audit Committee	(5/5) 100%
	Corporate Governance and Compensation Committee	(6/6) 100%
	Health, Safety and Environment Committee ⁽³⁾	(1/1) 100%
	Total	(18/18) 100%

Current Board Directorships	Public Boards	
	Raimount Energy Inc.	
Voting Results of 2015 AGM	Number of Votes	% of Votes
Votes For	37,078,115	98.57%
Votes Withheld	537,315	1.43%

Nominee for Election as Director	Age	Director Since ⁽¹⁾	Common Shares Owned, Controlled or Directed ⁽²⁾
Pat G. Powell Alberta, Canada	59	Nominee	Nil
Nominee Independent	Mr. Powell has been the Chief Executive Officer of Command Fishing and Pipe Recovery Ltd., a private oil and gas services company, since 2014. He was Chairman and Chief Executive Officer of High Kelly Drilling Ltd. from February 2012 until its sale in December 2013, and Chairman of Bonnett's Energy Corp. from 2008 to 2013. Mr. Powell has been a director on a number of private and publicly listed boards.		

Board and Committee Membership	Membership	Meeting Attendance
	N/A	N/A
	Total	N/A
Current Board Directorships	Public Boards	
	N/A	
Voting Results of 2015 AGM	Number of Votes	% of Votes
Votes For	N/A	N/A
Votes Withheld	N/A	N/A

Notes:

- (1) All directorships expire at the next annual general meeting of Shareholders.
- (2) The information as to Common Shares beneficially owned, directly or indirectly, is based upon information furnished to the Corporation by the nominees.
- (3) Mr. Mullen was appointed to the Health, Safety and Environment Committee on January 1, 2016.

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

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, no proposed director is, at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular:

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

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

Mr. M. Scott Ratushny was formerly the chairman and a director of Enseco Energy Services Corp. ("**Enseco**") (a public oilfield service company) which was placed in receivership on October 14, 2015. Mr. Ratushny resigned as a director of Enseco in connection with the appointment of the receiver on October 14, 2015.

Personal Bankruptcies

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

Penalties or Sanctions

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

3. Appointment and Remuneration of Auditors

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

4. Approval of Certain Amendments to Stock Based Compensation Plan

On April 14, 2016, certain amendments (the "**Stock Based Compensation Plan Amendments**") to the Corporation's stock based compensation plan (the "**Stock Based Compensation Plan**") were approved by the Board, subject to becoming effective upon receipt of Shareholder approval at the Meeting, to: (i) increase the aggregate number of Common Shares that may be issued pursuant to the exercise of Incentive Based Units awarded under the Stock Based Compensation Plan, together with all other security based compensation arrangements (including the Corporation's stock option plan (the "**Option Plan**")), from 5% to 10% of the issued and outstanding Common Shares from time to time; (ii) increase the restriction that insiders of the Corporation are subject to a maximum number of Common Shares issuable at any time under the Stock Based Compensation Plan from 5% to 10%; (iii) remove the restriction that any one insider under the Stock Based Compensation Plan is subject to a maximum number of Common Shares under the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan) of 5% in a 12 month period; (iv) remove the restriction that participants under the Stock Based Compensation Plan are subject to a maximum number of Common Shares under the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan) of 5% in a 12 month period; (v) restrict the aggregate number of Common Shares that may be issued to non-management directors pursuant to the exercise of Incentive Based Units awarded under the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan) to a maximum of 1% of the Common Shares outstanding from time to time and to restrict the aggregate value of Incentive Based Units that may be granted to any one non-management director in any one year period to a maximum of \$100,000; (vi) provide that a holder must exercise any vested Incentive Based Units within 10 days after termination if the holder was terminated for Cause (as defined in the Stock Based Compensation Plan); (vii) amend the vesting provisions on a change of control to provide that the vesting of Incentive Based Units upon a change of control would only occur if the grantee it terminated in connection with such change of control or voluntarily resigns within 6 months of such change of control for "Good Reason" (as such term is defined in the Stock Based Compensation Plan); (viii) amend the amending provision of the Stock Based Compensation Plan to restrict the Board's ability, without Shareholder approval, to: (a) extend the expiry date of an Incentive Based Unit held by any holder under the Stock Based Compensation Plan; (b) increase the number of Common Shares that may be issued to insiders of the Corporation above the restrictions in the amended Stock Based Compensation Plan; (c) increase the maximum number of Incentive Based Units that may be granted to non-management directors; (d) permit an increase in the number of Incentive Based Units by the cancellation and immediate re-issue of Incentive Based Units or other entitlements; and (e) permit the transfer or assignment of Incentive Based Units, except in the case of death of a holder of Incentive Based Units; (ix) provide for withholding tax provisions; and (x) to make certain other housekeeping amendments.

The following Stock Based Compensation Plan Amendments require the approval of Shareholders pursuant to the terms of the Stock Based Compensation Plan: (i) to increase the aggregate number of Common Shares that may be issued pursuant to the exercise of Incentive Based Units awarded under the Stock Based Compensation Plan, together with all other security based compensation arrangements (which includes the Option Plan), to 10% of the issued and outstanding Common Shares from time to time; (ii) to remove the restriction that any one insider under the Stock Based Compensation Plan is subject to a maximum number of Common Shares under the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan) of 5% in a 12 month period; and (iii) to amend the amending provision of the Stock Based Compensation Plan (collectively, the "**Shareholder Approval Amendments**"). In addition, in accordance with the requirements of the Toronto Stock Exchange ("**TSX**"), the amendment to increase the restriction that insiders of the Corporation are subject to a maximum number of Common Shares issuable at any time under the Stock Based Compensation Plan from 5% to 10% (the "**Disinterested Shareholder Approval Amendment**") requires the

approval of a majority of the vote cast by Shareholders at the Meeting, but excluding 1,715,559 Common Shares (representing 2.0% of the outstanding Common Shares) held directly or indirectly by Shareholders who are insiders of the Corporation (the "**Excluded Shareholders**"). The Stock Based Compensation Plan Amendments noted in (iv), (v), (vi), (vii), (ix) and (x) of the preceding paragraph above do not require the approval of Shareholders at the Meeting.

At the Meeting, Shareholders will be asked to approve an ordinary resolution approving the Shareholder Approval Amendments and an ordinary resolution approving the Disinterested Shareholder Approval Amendment.

Additional details of the Stock Based Compensation Plan are provided under "*Executive Compensation – Incentive Plan Awards – Stock Based Compensation Plan*". A copy of the Stock Based Compensation Plan, as amended, is set forth in **Appendix "A"** attached hereto and forming part of this Information Circular. The Board approval of the Shareholder Approval Amendments will only become effective if the resolution approving the Shareholder Approval Amendments is passed by the Shareholders at the Meeting. The Board approval of the Disinterested Shareholder Approval Amendment will only become effective if the resolution approving the Disinterested Shareholder Approval Amendment is passed by the Shareholders at the Meeting.

Shareholder Approvals

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolution confirming the Shareholder Approval Amendments to the Stock Based Compensation Plan, subject to such amendments, variations or additions as may be approved at the Meeting:

"BE IT RESOLVED THAT:

1. the Shareholder Approval Amendments to the amended stock based compensation plan of the Corporation, as defined and described in the information circular of the Corporation dated April 15, 2016, be and the same are hereby approved; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

Additionally, at the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolution confirming the Disinterested Shareholder Approval Amendment to the Stock Based Compensation Plan, subject to such amendments, variations or additions as may be approved at the Meeting:

"BE IT RESOLVED THAT:

1. the Disinterested Shareholder Approval Amendment to the amended stock based compensation plan of the Corporation, as defined and described in the information circular of the Corporation dated April 15, 2016, be and the same are hereby approved; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

Previously allocated Incentive Based Units will continue to be unaffected by the approval or disapproval of the resolution.

Recommendation of the Board

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution. **Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as proxy, to vote for approval of the foregoing resolution.**

5. Approval of Unallocated Incentive Based Units under the Stock Based Compensation Plan

General

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable thereunder, must be approved by a majority of the issuer's directors and by the issuer's security holders. Approval was last obtained on May 21, 2014. As the Stock Based Compensation Plan is considered to be a security based compensation arrangement and as the maximum number of Common Shares issuable pursuant to the Stock Based Compensation Plan is not a fixed number, but is instead currently equal to 5% of the issued and outstanding Common Shares, approval is being sought at the Meeting to approve the grant of unallocated Incentive Based Units under the Stock Based Compensation Plan. As Shareholders are being asked to approve an amendment to the Stock Based Compensation Plan at the Meeting to allow up to 10% of the issued and outstanding Common Shares to be reserved for issuance pursuant to the Stock Based Compensation Plan and the Option Plan, Shareholder approval will also be sought for the approval of "unallocated" Incentive Based Units based on a 10% maximum as described herein. Incentive Based Units are considered to be "allocated" under the Stock Based Compensation Plan when issued and Incentive Based Units which remain available for grant under the Stock Based Compensation Plan are referred to as "unallocated".

As at the date hereof, there were 2,436,886 Incentive Based Units issued and outstanding, representing approximately 2.84% of the outstanding Common Shares. Accordingly, 1,854,431 Incentive Based Units, representing approximately 2.16% of the outstanding Common Shares, remain unallocated and available for grant under the Stock Based Compensation Plan (subject to reduction pursuant the provisions of the Option Plan, discussed below, which effectively limits the aggregate number of Common Shares available to be reserved for issuance pursuant to all of the Corporation's security based incentive arrangements, including Incentive Based Units and options ("**Options**") to purchase Common Shares, to 10% of the issued and outstanding Common Shares). A complete description of the Stock Based Compensation Plan is contained under the heading "*Executive Compensation – Incentive Plan Awards – Stock Based Compensation Plan*" in this Information Circular.

Shareholder Approval

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

"BE IT RESOLVED THAT:

1. all unallocated incentive based units under the stock based compensation plan of the Corporation are hereby approved;
2. the Corporation shall have the ability to continue granting incentive based units under the stock based compensation plan of the Corporation until May 18, 2019, being the date that is three years from the date hereof; and
3. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated Incentive Based Units under the Stock Based Compensation Plan until May 18, 2019. If approval is not obtained at the Meeting, Incentive Based Units which have not been allocated as of May 18, 2016, and Incentive Based Units which are outstanding as of May 18, 2016 and which are subsequently cancelled, terminated or exercised, will not be available for a new grant of Incentive Based Units under the Stock Based Compensation Plan. Previously allocated Incentive Based Units will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the Corporate Governance and Compensation Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

Recommendation of the Board

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution. **Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as proxy, to vote for approval of the foregoing resolution.**

6. Approval of Amendments to the Corporation's Stock Option Plan

On April 14, 2016, certain amendments (the "**Option Plan Amendments**") to the Option Plan were approved by the Board, subject to becoming effective upon receipt of Shareholder approval at the Meeting, to: (i) restrict the aggregate number of Common Shares that may be issued to non-management directors pursuant to the exercise of Options awarded under the Option Plan and all other security based compensation arrangements of the Corporation (which includes the Stock Based Compensation Plan) to a maximum of 1% of the Common Shares outstanding from time to time and to restrict the aggregate value of Options that may be granted to any one non-management director in any one year period to a maximum of \$100,000; (ii) remove the restriction that any one person under the Option Plan is subject to a maximum number of Common Shares under the Option Plan and all other security based compensation arrangements of the Corporation (which includes the Stock Based Compensation Plan) of 5%; (iii) provide that a holder must exercise any vested Options within 10 days after termination if the holder was terminated for Cause (as defined in the Option Plan); (iv) provide that a holder must exercise any vested Options within 30 days after termination if the holder was terminated other than for Cause; (v) amend the vesting provisions on a change of control to provide that the vesting of Options upon a change of control would only occur if the grantee it terminated in connection with such change of control or voluntarily resigns within 6 months of such change of control for "Good Reason" (as such term is defined in the Option Plan); (vi) amend the amending provision of the Option Plan to restrict the Board's ability, without Shareholder approval, to: (a) extend the expiry date of an Option held by any holder under the Option Plan; (b) increase the maximum number of Options that may be granted to non-management directors; (c) make any reduction in the exercise price of an Option or permit a reduction in the exercise price of an Option by the cancellation and immediate re-issue of Options or other entitlements; and (d) permit the transfer or assignment of Options, except in the case of death of a holder of Options; and (vii) to make certain other housekeeping amendments. As indicated in the below resolution, the amendment to the amending provision of the Option Plan requires the approval of Shareholders pursuant to the terms of the Option Plan. The Option Plan Amendments noted in (i), (ii), (iii), (iv), (v) and (vii) above do not require the approval of Shareholders at the Meeting.

Therefore, at the Meeting, Shareholders will be asked to approve an ordinary resolution approving the amendment to the amending provision of the Option Plan.

Additional details of the Option Plan are provided under "*Executive Compensation – Incentive Plan Awards – Option Plan*". A copy of the Option Plan, as amended, is set forth in **Appendix "B"** attached hereto and forming part of this Information Circular. The Board approval of the amendments to the Option Plan will only become effective if the resolution approving the amendment to the amending provision of the Option Plan is passed by the Shareholders at the Meeting.

Shareholder Approval

At the Meeting, Shareholders will be asked to approve an ordinary resolution in the following form approving the amendment to the amending provision of the Option Plan:

"BE IT RESOLVED THAT:

1. the amendment to Section 10 of the amended stock option plan of the Corporation described in the information circular of the Corporation dated April 15, 2016 be and the same are hereby approved; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution.

Recommendation of the Board

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution. Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as proxy, to vote for approval of the foregoing resolution.

7. Approval of Unallocated Options under the Option Plan

General

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable thereunder, must be approved by a majority of the issuer's directors and by the issuer's security holders. Approval was last obtained on May 21, 2014. As the Option Plan is considered to be a security based compensation arrangement and as the maximum number of Common Shares issuable pursuant to the Option Plan is not a fixed number, but is instead equal to 10% of the outstanding Common Shares (together with Common Shares issuable pursuant to the Stock Based Compensation Plan), approval is being sought at the Meeting to approve the grant of unallocated Options under the Option Plan. Options are considered to be "allocated" under the Option Plan when issued and Options which remain available for grant under the Option Plan are referred to as "unallocated".

As at the date hereof, there were 1,554,418 Options issued and outstanding, representing approximately 1.81% of the outstanding Common Shares. Accordingly, 7,028,216 Options, representing approximately 8.19% of the outstanding Common Shares, remain unallocated and available for grant under the Option Plan (subject to reduction pursuant the provisions of the Stock Based Compensation Plan, discussed above, which effectively limits the aggregate number of Common Shares available to be reserved for issuance pursuant to all of the Corporation's security based incentive arrangements, including Incentive Based Units and Options, to 10% of the issued and outstanding Common Shares). A complete description of the Option Plan is contained under the heading "*Executive Compensation – Incentive Plan Awards – Option Plan*" in this Information Circular.

Shareholder Approval

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

"BE IT RESOLVED THAT:

1. all unallocated options under the stock option plan of the Corporation are hereby approved;
2. the Corporation shall have the ability to continue granting options under the stock option plan of the Corporation until May 18, 2019, being the date that is three years from the date hereof; and

3. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated Options under the Option Plan until May 18, 2019. If approval is not obtained at the Meeting, Options which have not been allocated as of May 18, 2016, and Options which are outstanding as of May 18, 2016, and which are subsequently cancelled, terminated or exercised, will not be available for a new grant of Options under the Option Plan. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the Corporate Governance and Compensation Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

Recommendation of the Board

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution. **Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as proxy, to vote for approval of the foregoing resolution.**

8. Have a Say on Executive Compensation

At the Meeting, Shareholders will also be asked to vote on our advisory resolution regarding our approach to executive compensation as disclosed in this Information Circular.

The Corporation's underlying principle for executive pay is to attract, motivate and retain high quality executives and to reward them for corporate and individual performance (read about the Corporation's executive compensation program in detail in the section entitled "*Executive Compensation – Compensation Discussion and Analysis*"). The Corporation's executive compensation approach emphasizes pay for performance by establishing a clear link to the achievement of the Corporation's strategic objectives, which include short, medium and long-term goals.

Shareholder Approval

Shareholders have, on an advisory basis, the opportunity to vote FOR or AGAINST the Corporation's approach to executive compensation through the following resolution:

"BE IT RESOLVED THAT:

1. on an advisory basis, and not to diminish the role and responsibilities of the Corporation's board of directors, the shareholders of the Corporation accept the approach to executive compensation disclosed in the information circular of the Corporation dated April 15, 2016."

This is an advisory vote and the result will not be binding on the Board; however, the Board, and the Corporate Governance and Compensation Committee in particular, will consider the outcome of the vote as part of its ongoing review of executive compensation.

Recommendation of the Board

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution. **Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as proxy, to vote for approval of the foregoing resolution.**

9. Other Matters

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

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation of the executive officers of the Corporation is reviewed annually by the Corporate Governance and Compensation Committee and is subsequently approved by the Board based on the recommendation of the Corporate Governance and Compensation Committee.

The following table lists the names of all of the members of the Corporate Governance and Compensation Committee as of April 15, 2016. As the table outlines, each member of the Corporate Governance and Compensation Committee is "independent" (as such term is defined in National Instrument 52-110 – *Audit Committees*), all members are seasoned business people with experience acting on the boards of various private and public companies and all have the skills and experience necessary to enable them to make decisions regarding the suitability of the Corporation's compensation policies and practices.

Corporate Governance and Compensation Committee Member Name	Is the Member "independent" ⁽¹⁾	Direct Relevant Experience ⁽²⁾
Miles Lich (Chair)	Yes	Has served as a director on a number of public and private company boards and committees.
Raymond P. Antony	Yes	Has served as a director on a number of public and private company boards and committees.
Ken Mullen	Yes	Has served as a director on a number of public and private company boards and committees and has been CEO of multiple publicly traded companies.

Notes:

- (1) The determination of whether a committee member is "independent" has been made by the Board based on all information available to the Board.
- (2) The Corporation has relied on representations from the individual committee members as to the relevant direct experience.

For a description of the powers and responsibilities of the Corporate Governance and Compensation Committee, see "*Corporate Governance Practices – Compensation*".

Objectives

The main objectives of the Corporation's executive compensation policies are to recruit, retain and motivate high quality executives who can best position the Corporation to achieve its operational, commercial, financial and strategic objectives. In order to achieve these objectives, the Corporation's executive compensation package must be competitive with that offered by comparable corporations and other entities.

The Corporate Governance and Compensation Committee also recognizes the importance of designing compensation policies that align the interests of the executives with those of the Shareholders. The Corporate Governance and Compensation Committee has endeavoured to design an executive compensation program that is sufficiently flexible to respond to unexpected developments in the oil and gas services industry and the global economy.

The Corporate Governance and Compensation Committee recognizes that a "pay-for-performance" philosophy should be applied when determining compensation. An executive is evaluated and rewarded based upon corporate and individual performance, with variances applicable in light of the executive's level of experience and their overall contribution to the achievement of the Corporation's goals and objectives.

Risk Mitigation

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

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

Process Elements

- The Corporate Governance and Compensation Committee plays an important role in assessing behavioural risk mitigation by reviewing the Corporation's compensation program design, approving compensation awards and analyzing market data to ensure that the Corporation's compensation structure promotes the intended behaviours. Members of the Corporate Governance and Compensation Committee meet at least three times per year to review both executive compensation and human resources issues generally, with at least one of the meetings focused predominately on executive compensation.
- A regular review of proxy materials and compensation survey data analysis identifies whether the Corporation's compensation programs are deviating significantly from market practices.

Compensation Design Elements

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

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

Elements of Compensation

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

In setting such levels, the Board and the Corporate Governance and Compensation Committee rely on their own experience, including that accumulated from interacting with compensation specialists on other boards and through other interactions, and knowledge as well as compensation data compiled from public sources of information.

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

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

The salaries of the Named Executive Officers for 2015 were initially set at (i) \$400,000 for Mr. Bradley P.D. Fedora, President and Chief Executive Officer; (ii) \$300,000 for Mr. Barry O'Brien, Vice President, Finance and Chief Financial Officer; (iii) \$300,000 for Mr. Todd Thue, Chief Operating Officer; (iv) \$275,000 for Mr. David Westlund, Director, Sales; and (v) \$275,000 for Mr. Ken Wagner, Vice President, Fluid Management. However, due to the continued weakness and volatility of the oil and gas industry and the resultant weak commodity prices, on April 1, 2015 management and the Board took steps to reduce general and administrative expenses. As a result, management and the Board implemented 5% to 10% salary rollbacks across the Corporation with a 10% rollback being applied to the salaries of senior management including the Named Executive Officers. Effective April 1, 2015, the base salaries of the Named Executive Officers were reduced to (i) \$360,000 for Mr. Bradley P.D. Fedora, President and Chief Executive Officer; (ii) \$270,000 for Mr. Barry O'Brien, Vice President, Finance and Chief Financial Officer; (iii) \$270,000 for Mr. Todd Thue, Chief Operating Officer; (iv) \$247,500 for Mr. David Westlund, Director, Sales; and (v) \$247,500 for Mr. Ken Wagner, Vice President, Fluid Management.

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

Options – Pursuant to the Option Plan, the Board grants Options to directors, executive officers, other employees and consultants as incentives intended to align the individuals' and Shareholders' interests in the long term. Group effort resulting in overall corporate performance provides the potential for significant rewards through the grant of Options and this is based, in part, on the measures discussed in more detail below. The Corporation emphasizes Options in executive compensation as they allow the executive to share in corporate results in a manner which is relatively cost-effective despite the effects of treating Options as a compensation expense. The President and Chief Executive Officer recommends Option grants to senior management, other employees and consultants which recommendations are then vetted by the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee recommend grants to the senior executives.

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

The objective of the Board and the Corporate Governance and Compensation Committee in setting compensation levels is that the aggregate compensation received by executive officers to be generally competitive with the

compensation received by persons with similar qualifications and responsibilities who are employed by other companies of corresponding size. The Corporate Governance and Compensation Committee benchmarks executive compensation against a peer group of 10 publicly traded companies in the oilfield services industry that are similar in size or business lines.

The Corporate Governance and Compensation Committee also uses this same group to benchmark director compensation.

2015 Compensation Peer Group

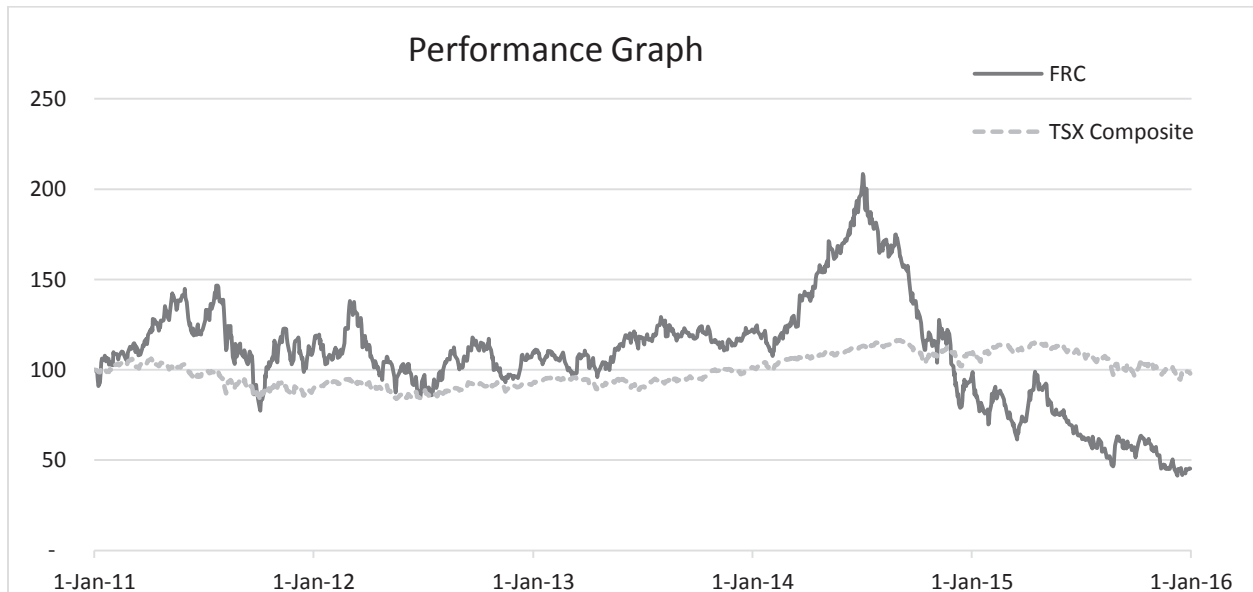
Black Diamond Group Ltd.	Secure Energy Services Inc.
Calfrac Well Services Ltd.	Strad Energy Services Ltd.
Canadian Energy Services & Technology Corp.	Trican Well Service Ltd.
Essential Energy Services Ltd.	Trinidad Drilling Ltd.
PHX Energy Services Corp.	Western Energy Services Corp.

Peer company data includes information published by the Petroleum Services Association of Canada and from publically available information.

The Corporate Governance and Compensation Committee reviews the appropriateness of the peer group from time to time and will consider the use of independent third party compensation consultants as deemed necessary and in light of market conditions. Being responsive to market changes is important to our ability to attract and retain high performing executive talent to achieve the Corporation's business objectives and to enhance shareholder value in the short and long term.

Performance Graph

The following graph compares the change in cumulative Shareholder return for the period January 1, 2011 and ending on December 31, 2015 (assuming a \$100 investment was made on January 1, 2011) on the Common Shares with the cumulative total return of the S&P/TSX Composite Index from January 1, 2011 to December 31, 2015:



Cumulative Return on \$100 Investment January 1, 2011 through to December 31, 2015

	Jan. 1, 2011	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
Canyon Services Group Inc.	100	110	110	122	96	45
S&P/TSX Composite Total Return Index	100	89	93	101	109	98

The trend shown in the above graph does not necessarily correspond to the Corporation's compensation to its Named Executive Officers (as defined herein) for the period ended December 31, 2015 or for any prior fiscal periods. The Corporation's executive compensation is reviewed annually and set by the Board upon the recommendation of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee considers several factors in connection with its determination of appropriate levels of compensation, including, but not limited to, the demand for and supply of skilled professionals in the oil and gas and oil and gas service industries generally, individual performance, the Corporation's performance (which is not necessarily tied exclusively to the trading price of the Common Shares on the TSX) and other factors discussed under "*Compensation Discussion and Analysis*" above. The trading price of the Common Shares on the TSX is subject to fluctuation based on several factors, many of which are outside the control of the Corporation. These include, but are not limited to, fluctuations and volatility in commodity price markets for oil and natural gas and natural gas liquids, input costs relating to products used in connection with the Corporation's services, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors, some of which are disclosed and discussed under the "*Risk Factors*" headings in each of the Corporation's MD&A dated March 3, 2016 and the annual information form of the Corporation dated March 11, 2016. The Corporation also examines and considers executive compensation levels of companies of similar size, many of which do not necessarily correspond to the market or trading price of such companies' securities.

Summary Compensation Table

The following table (presented in accordance with Form 51-102F6 ("**Statement of Executive Compensation**" or "**Form 51-102F6**") of National Instrument 51-102 – *Continuous Disclosure Requirements*) sets forth the total compensation for services in all capacities to the Corporation for the last three financial years (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer of the Corporation as at December 31, 2015 and the other three most highly compensated executive officers of the Corporation as at December 31, 2015 whose individual total compensation for the most recently completed financial year exceeded \$150,000 or any individual who would have satisfied this criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year (each a "**Named Executive Officer**" or "**NEO**").

Name and Principal Position	Year	Salary (\$)	Share-based awards ⁽⁵⁾ (\$)	Option-based awards ⁽⁷⁾ (\$)	Non-equity incentive plan compensation		All Other Compensation ⁽¹⁴⁾ (\$)	Total Compensation (\$)
					Annual incentive plans ⁽¹³⁾ (\$)	Long-term incentive plans (\$)		
Bradley P.D. Fedora ⁽¹⁾ President and Chief Executive Officer	2015	370,000 ⁽⁴⁾	795,002 ⁽⁶⁾	Nil	Nil	Nil	4,042	1,169,044
	2014	400,000	472,852	95,039 ⁽⁸⁾	513,800	Nil	3,969	1,485,660
	2013	400,000	175,832	135,354 ⁽¹¹⁾	266,300	Nil	3,969	981,455
Barry O'Brien Vice President, Finance and Chief Financial Officer	2015	277,500 ⁽⁴⁾	434,097 ⁽⁶⁾	Nil	Nil	Nil	2,500	714,097
	2014	300,000	271,626	54,563 ⁽⁹⁾	308,300	Nil	5,000	939,489
	2013	300,000	101,053	77,657 ⁽¹²⁾	159,800	Nil	5,000	643,510

Name and Principal Position	Year	Salary (\$)	Share-based awards ⁽⁵⁾ (\$)	Option-based awards ⁽⁷⁾ (\$)	Non-equity incentive plan compensation			Total Compensation (\$)
					Annual incentive plans ⁽¹³⁾ (\$)	Long-term incentive plans (\$)	All Other Compensation ⁽¹⁴⁾ (\$)	
Todd Thue Chief Operating Officer	2015	277,500 ⁽⁴⁾	407,270 ⁽⁶⁾	Nil	Nil	Nil	6,542	691,312
	2014	300,000	271,626	54,563 ⁽⁹⁾	308,300	Nil	8,969	943,458
	2013	300,000	101,053	77,657 ⁽¹²⁾	159,800	Nil	8,969	647,479
Dave Westlund ⁽²⁾ Director, Sales	2015	254,375 ⁽⁴⁾	393,319 ⁽⁶⁾	Nil	Nil	Nil	Nil	647,694
	2014	250,208	240,533	36,606 ⁽¹⁰⁾	260,000	Nil	Nil	787,347
Ken Wagner ⁽³⁾ Vice President, Fluid Management	2015	225,281 ⁽⁴⁾	358,109 ⁽⁶⁾	Nil	Nil	Nil	26,700	610,090
	2014	87,500	171,930	33,489 ⁽¹¹⁾	154,900	Nil	12,300	460,119

Notes:

- (1) Mr. Fedora is a director of the Corporation but was not compensated by the Corporation for his services in his capacity as a director or committee member during the most recently completed financial year, other than reimbursement for out-of-pocket expenses for attending Board and committee meetings.
- (2) Mr. Westlund joined the Corporation on February 6, 2014.
- (3) Mr. Wagner joined the Corporation on July 1, 2014.
- (4) As a result of poor industry conditions, effective April 1, 2015 each of the Named Executive Officers agreed to a 10% reduction in their 2015 salary. The total of the salaries paid from January 1, 2015 through March 31, 2015 has been added to the post April 1, 2015 totals to reflect the actual salary paid in 2015, not the salary reflected in each NEO's employment contract.
- (5) All values are based on the grant date fair value and include grants that were granted subsequent to the calendar year, but were earned for the calendar year performance. This represents the fair value on the date of the grants of Incentive Based Units, see "*Incentive Plan Awards – Stock Based Compensation Plan*" below for a description of the Stock Based Compensation Plan. The grant date fair value has been calculated using an option pricing model as set out in IFRS 2 of the CPA Canada Handbook - Accounting. The Corporation has adopted the Black-Scholes model in order to measure the fair value of the equity instruments on the date of the grant. IFRS 2 of the CPA Canada Handbook - Accounting specifies the use of the Black-Scholes model or a binomial model. The key assumptions and estimates used for the calculation of the January 11, 2016 grant date fair value under this model include a risk-free interest rate of 0.42% to 0.43%, an expected life of five years for the Incentive Based Units, volatility of 44.31% to 57.38% and dividend yield of 2.80%. The key assumptions and estimates used for the calculation of the January 21, 2015 grant date fair value under this model include a risk-free interest rate of 0.43% to 0.46%, an expected life of five years for the Incentive Based Units, volatility of 38.13% to 40.21% and dividend yield of 8.51%. The key assumptions and estimates used for the calculation of the February 7, 2014 grant date fair value under this model include a risk-free interest rate of 1.00% to 1.19%, an expected life of five years for the Incentive Based Units, volatility of 24.20% to 39.70% and dividend yield of 4.96%. Mr. Westlund was granted 6,000 Incentive Based Units on October 14, 2014, with the key assumptions and estimates used for the calculation of the October 14, 2014 grant date fair value under this model include a risk-free interest rate of 1.04% to 1.16%, an expected life of five years for the Incentive Based Units, volatility of 24.20% to 39.70% and dividend yield of 5.51%. The grant date fair values presented in the above table do not differ from the fair value determined in accordance with IFRS 2 of the CPA Canada Handbook - Accounting.
- (6) Due to weak industry conditions in 2015, all non-equity based bonuses earned were paid in Incentive Based Units rather than cash.
- (7) All values are based on the grant date fair value and include grants that were granted subsequent to the calendar year, but were earned for the calendar year performance. This represents the fair value on the date of grant of the Option award made under the Option Plan. See "*Incentive Plan Awards – Option Plan*" below for a description of the Option Plan. The grant date fair value has been calculated using an option pricing model as set out in IFRS 2 of the CPA Canada Handbook - Accounting. The Corporation has adopted the Black-Scholes model in order to measure the fair value of the equity instruments on the date of the grant. IFRS 2 of the CPA Canada Handbook - Accounting specifies the use of the Black-Scholes model or a binomial model. No Options were granted in 2016 for 2015 performance. The key assumptions and estimates used for the calculation of the January 21, 2015 grant date fair value under this model include a risk-free interest rate of 0.43% to 0.46%, an expected life of five years for the Options, volatility of 38.13% to 40.21% and dividend yield of 8.51%. The key assumptions and estimates used for the calculation of the February 7, 2014 grant date fair value under this model include a risk-free interest rate of 1.00% to 1.19%, an expected life of five years for the Options, volatility of 24.20% to 39.70% and dividend yield of 4.96%. The key assumptions and estimates used for the calculation of the October 14, 2014 grant date fair value under this model include a risk-free interest rate of 1.04% to 1.16%, an expected life of five years for the Options, volatility of 24.20% to 39.70% and dividend yield of 5.51%. Mr. Westlund was granted 25,000 Options on October 14, 2014, with the key assumptions and estimates used for the calculation of the October 14, 2014 grant date fair value under this model include a risk-free interest rate of 1.04% to 1.16%, an expected life of five years for the Options, volatility of 24.20% to 39.70% and dividend yield of 5.51%.
- (8) Represents the grant of 95,800 Options on January 21, 2015, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (9) Represents the grant of 55,000 Options on January 21, 2015, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.

- (10) Represents the grant of 36,900 Options on January 21, 2015, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (11) Represents the grant of 39,000 Options on March 13, 2015, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (12) Represents the grant of 49,800 Options on February 7, 2014, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (13) Represents the cash bonus awards paid in January 2015 and February 2014, respectively, to the Named Executive Officers for the 2014 and 2013 fiscal years, respectively. As a result of the weak industry conditions, it was determined that no 2015 Bonus Award would be paid as an annual incentive. In lieu of Named Executive Officers achieving operational and financial criteria for the 2015 financial year, non-cash share based awards were provided to the Named Executive Officers.
- (14) The amounts in this column consist of car allowance, RRSP contributions made by the Corporation and parking, as applicable.

Incentive Plan Awards

Basis for Awards

The Corporate Governance and Compensation Committee reviews the performance of the Corporation and the Named Executive Officers in January each year. Corporate performance, which accounts for half of each Named Executive Officer's annual evaluation, is measured using an equal weighting of: (i) percentage EBITDA margin; (ii) safety statistics; (iii) return on invested capital; and (iv) revenue growth. Personal performance, which also accounts for half of each Named Executive Officer's annual evaluation, is measured using a 0-10 point scoring system on the following categories: (i) core values; (ii) leadership; (iii) safety; (iv) achieving annual smart goals; (v) teamwork; and (vi) attitude. The Corporate Governance and Compensation Committee defines EBITDA as income and comprehensive income (loss) for the year adjusted for depreciation and amortization, equity settled share-based payment transactions, gain or loss on the sale of property and equipment, finance costs, foreign exchange (gain) loss, income tax (recovery) expense, bargain purchase on business combinations and goodwill impairment.

The Named Executive Officer is then given a corporate score out of 50 and a "personal performance score" out of 50 and that total is the percentage applied to their base salary to determine the value of the incentive based awards to be granted.

The Corporation currently has two equity incentive plans in place: (i) the Option Plan; and (ii) the Stock-Based Compensation Plan.

Option Plan

The Option Plan was last approved by Shareholders on March 28, 2007. The Option Plan has been established to provide incentives to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. The Option Plan is administered by the Board and provides that Options may be issued to directors, officers, key employees or consultants of the Corporation or any subsidiary of the Corporation. The material terms of the Option Plan are described below.

See "*Matters to be Acted Upon at the Meeting – Approval of Option Plan Amendments*" for a summary of the Option Plan Amendments which were approved by the Board on April 14, 2016, subject to the approval of Shareholders at the Meeting as described herein.

As described under the heading "*Matters to be Acted Upon at the Meeting – Approval of Option Plan Amendments*", the amendment to the amending provision of the Option Plan requires the approval of Shareholders at the Meeting pursuant to the terms of the Option Plan. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution in respect of the amendment to the amending provision of the Option Plan.

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

The Option Plan provides that the number of Common Shares issuable under the Option Plan and all other security based compensation arrangements of the Corporation (which includes the Stock Based Compensation Plan) may not exceed 10% of the total number of issued and outstanding Common Shares from time to time.

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

However, assuming the amendment to the amending provision of the Option Plan is approved by Shareholders and the Option Plan Amendments become effective, the number of Common Shares that may be issued under the Option Plan will be subject to the following limitations: (i) the number of Common Shares reserved for issuance at any time, pursuant to the Option Plan and all other security based compensation arrangements of the Corporation (which includes the Stock Based Compensation Plan), to insiders (as defined in the Option Plan) of the Corporation shall not exceed 10% of the outstanding Common Shares and the number of Common Shares issued within one year, pursuant to the Option Plan and all other security based compensation arrangements of the Corporation (which includes the Stock Based Compensation Plan), to any one insider and such insider's associates shall not exceed 10% of the outstanding Common Shares; and (ii) the aggregate number of Common Shares that may be reserved for issuance pursuant to the Option Plan and all other security based compensation arrangements of the Corporation (which includes the Stock Based Compensation Plan) awarded to non-management directors under the Option Plan shall not exceed 1% of the Common Shares outstanding from time to time and the aggregate value of Options and all other security based compensation arrangements of the Corporation (which includes the Incentive Based Units under the Stock Based Compensation Plan) granted to any one non-management director in any one year period shall not exceed \$100,000.

As of April 15, 2016, a total of up to 8,582,634 Common Shares can be reserved for issuance under the Option Plan, representing 10% of the issued and outstanding Common Shares (subject to reduction pursuant the provisions of the Stock Based Compensation Plan, discussed below, which effectively limits the aggregate number of Common Shares available to be reserved for issuance pursuant to all of the Corporation's security based incentive arrangements, including Incentive Based Units and Options, to 10% of the issued and outstanding Common Shares).

As at April 15, 2016, there were 1,554,418 Options outstanding, representing approximately 1.81% of the issued and outstanding Common Shares, leaving 7,028,216 Common Shares (representing 8.19% of the issued and outstanding Common Shares on that date) reserved and available for issuance upon the exercise of Options that may be granted in the future. As the total number of Common Shares available to be reserved for issuance upon the exercise of outstanding Options is limited to 10% of the issued and outstanding Common Shares at the relevant time less the number of Common Shares that may be issued pursuant to the Corporation's other security based compensation arrangements, the number of Common Shares available to be reserved for issuance upon the exercise of Options that may be granted in the future will be reduced to the extent that additional security based compensation awards are granted by the Corporation, including in respect of future grants of Incentive Based Units. As such, no more than 10% of the issued and outstanding Common Shares may be reserved at any one time for issuance pursuant to the Corporation's existing security based compensation arrangements. As discussed above, as the Option Plan does not have a fixed maximum number of securities issuable thereunder, a number of Common Shares equivalent to the number of Options or Incentive Based Units that have been exercised, terminated, cancelled or expired are immediately available for future issuances of Options, subject in all cases to the 10% limit contained in the Option Plan and Stock Based Compensation Plan (assuming Shareholder approval is received for the Stock Based Compensation Plan Amendments).

An Option is personal to the grantee of the Options and is non-assignable. The Option Plan contains standard adjustment and anti-dilution provisions for changes in the capital structure of the Corporation. For a description of

the treatment of Options in the case of the termination of an optionholder's employment or certain transactions involving the Corporation, see "*Termination and Change of Control Benefits*" below.

The Board may, generally, amend or discontinue the Option Plan at any time without the consent of the participants, provided that such amendments do not alter or impair any Option previously granted under the Option Plan. However, the Board will not be entitled, in the absence of Shareholder and TSX approval, to: (i) reduce the exercise price of an Option held by an insider of the Corporation; (ii) extend the expiry date of an Option held by an insider of the Corporation; (iii) amend the limitations on the maximum number of Common Shares reserved or issued to insiders, as described above; (iv) increase the maximum number of Common Shares issuable pursuant to the Option Plan; or (v) amend the foregoing amendment provisions. Additionally, if Shareholders approve the amendment to the amending provision of the Option Plan at the Meeting and the Option Plan Amendments become effective, the Board's ability to: (i) extend the expiry date of an Option held by any holder under the Option Plan; (ii) increase the maximum number of Options that may be granted to non-management directors; (iii) make any reduction in the exercise price of an Option or permit a reduction in the exercise price of an Option by the cancellation and immediate re-issue of Options or other entitlements; and (iv) permit the transfer or assignment of Options, except in the case of death of a holder of Options, will also require Shareholder approval. Other than as listed above, the Corporation may make such amendments to the Option Plan and any Options granted thereunder without the approval of Shareholders in accordance with the provisions of the Option Plan.

Under the Option Plan, the directors have the power to determine the time(s) at which an Option will expire and the time or times when Options will vest and become exercisable, provided that an Option may not be exercisable following 10 years from the date of grant, subject to such expiry date falling within a Black Out Period (as defined in the Option Plan) in which case such Options will be exercisable for an additional ten business days following the end of the Black Out Period. In addition, should the expiry date of an Option fall within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Option Plan.

Stock Based Compensation Plan

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

See "*Matters to be Acted Upon at the Meeting – Approval of Stock Based Compensation Plan Amendments*" for a summary of the Stock Based Compensation Amendments and the Disinterested Shareholder Approval Amendment, which were approved by the Board on April 14, 2016, subject to the approval of Shareholders at the Meeting as described herein.

As described under the heading "*Matters to be Acted Upon at the Meeting – Approval of Stock Based Compensation Plan Amendments*", the amendments to: (i) increase the aggregate number of Common Shares that may be issued pursuant to the exercise of Incentive Based Units awarded under the Stock Based Compensation Plan, together with all other security based compensation arrangements (which includes the Option Plan), to 10% of the issued and outstanding Common Shares from time to time; (ii) remove the restriction that any one insider under the Stock Based Compensation Plan is subject to a maximum number of Common Shares under the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan) of 5% in a 12 month period; and (iii) the amending provision of the Stock Based Compensation Plan, all require the approval of Shareholders at the Meeting pursuant to the terms of the Stock Based Compensation Plan. Additionally, the amendment to increase the restriction that insiders of the Corporation are subject to a maximum number of Common Shares issuable at any time under the Stock Based Compensation Plan from 5% to 10% requires the approval of a majority of the vote cast by Shareholders at the Meeting, but excluding the Excluded Shareholders. Previously allocated Incentive Based Units will continue to be unaffected by the approval or disapproval of the resolution in respect of the Shareholder Approval Amendments.

Assuming Shareholder approval is received for the Stock Based Compensation Plan Amendments, the maximum of 10% of the issued and outstanding Common Shares cap on the Common Shares issuable pursuant to the exercise of

Incentive Based Units awarded under the Stock Based Compensation Plan shall also include any Common Shares issuable pursuant to Options granted under the Option Plan.

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

If Shareholders do not approve the amendments to the Stock Based Compensation Plan at the Meeting, the maximum number of Common Shares that may be issued pursuant to the exercise of Incentive Based Units under the Stock Based Compensation Plan, subject to certain limitations, will revert to 5% of the issued and outstanding Common Shares (on a non-diluted basis) from time to time. The 5% maximum is an "evergreen" provision whereby the number of Common Shares issued upon exercise of an Incentive Based Unit or reserved for issuance in connection with an Incentive Based Unit which has expired or been cancelled or terminated, are automatically available for future issuances under the Stock Based Compensation Plan.

As of April 15, 2016, a total of up to 4,291,317 Common Shares can be reserved for issuance under the Stock Based Compensation Plan, representing 5% of the issued and outstanding Common Shares (subject to reduction pursuant to the provisions of the Option Plan, discussed above, which effectively limits the aggregate number of Common Shares available to be reserved for issuance pursuant to all of the Corporation's security based incentive arrangements, including Incentive Based Units and Options, to 10% of the issued and outstanding Common Shares).

As at April 15, 2016, there were 2,436,886 Incentive Based Units granted and outstanding, representing approximately 2.84% of the issued and outstanding Common Shares, leaving up to 1,854,431 Common Shares (representing 2.16% of the issued and outstanding Common Shares on that date) available for issuance upon the exercise of Incentive Based Units that may be granted in the future (which number is subject to reduction in the event the overall 10% limit contained in the Option Plan on the number of Common Shares available to be reserved for issuance at any one time pursuant to the Corporation's security based compensation arrangements, as discussed above, is met). As discussed above, as the Stock Based Compensation Plan does not have a fixed maximum number of securities issuable thereunder, a number of Common Shares equivalent to the number of Options or Incentive Based Units that have been exercised, terminated, cancelled or expired are immediately available for future issuances of Incentive Based Units, subject in all cases to the 10% limit contained in the Option Plan.

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

However, assuming the Shareholder Approval Amendments are approved by Shareholders and the Stock Based Compensation Plan Amendments become effective, issuances of Incentive Based Units will not be able to exceed the following limitations without the Corporation obtaining TSX and Shareholder approval: (i) the number of Common Shares issuable under the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan) may not exceed 10% of the total number of issued and outstanding Common Shares from time to time; (ii) the number of Common Shares reserved for issuance at any time, pursuant to the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan), to Insiders (as defined in the Stock Based Compensation Plan) of the Corporation shall not exceed 10% of the outstanding Common Shares and the number of Common Shares issued within one year, pursuant to the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan), to any one insider and such insider's associates shall not exceed 10% of the outstanding Common Shares; and (iii) the aggregate number of Common Shares that may be reserved for issuance pursuant to the Stock Based Compensation Plan and all other security based compensation arrangements of the Corporation (which includes the Option Plan) awarded to non-management directors under the Stock Based Compensation Plan shall not exceed 1% of the Common Shares outstanding from time to time and the aggregate value of Incentive Based Units and all other security based compensation arrangements of the Corporation (which includes the Options under the Option Plan) granted to any one non-management director in any one year period shall not exceed \$100,000.

The Stock Based Compensation Plan also provides that the Board may discontinue or amend the Stock Based Compensation Plan and may amend any Incentive Based Units granted under it at any time without Shareholder approval, provided however that such amendment shall not alter or impair any Incentive Based Unit previously granted under the Stock Based Compensation Plan, and the Board may not amend the Stock Based Compensation Plan without Shareholder approval in respect of the following matters: (i) to extend the expiry date of an Incentive Based Unit held by an insider of the Corporation; (ii) any amendment to the limitations on the maximum number of Common Shares reserved or issued to insiders as set forth above; (iii) any amendment to increase the number of Common Shares issuable pursuant to the Stock Based Compensation Plan; and (iv) any amendment to amend the amendment provision of the Stock Based Compensation Plan. Where Shareholder approval is sought for amendments to the limitations on the maximum number of Common Shares reserved or issued to insiders as set forth above, the votes attached to Common Shares held directly or indirectly by insiders benefiting from the amendments will be excluded. Additionally, if Shareholders approve the Shareholder Approval Amendments at the Meeting and the Stock Based Compensation Plan Amendments become effective, the Board's ability to: (i) extend the expiry date of an Incentive Based Unit held by any holder under the Stock Based Compensation Plan; (ii) increase the number of Common Shares that may be issued to insiders of the Corporation above the restrictions in the amended Stock Based Compensation Plan; (iii) increase the maximum number of Incentive Based Units that may be granted to non-management directors; (iv) permit an increase in the number Incentive Based Units by the cancellation and immediate re-issue of Incentive Based Units or other entitlements; and (v) permit the transfer or assignment of Incentive Based Units, except in the case of death of a holder of Incentive Based Units, will also require Shareholder approval. Other than as listed above, the Corporation may make such amendments to the Stock Based Compensation Plan and any Incentive Based Units granted thereunder without the approval of Shareholders in accordance with the provisions of the Stock Based Compensation Plan

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

An Incentive Based Unit is personal to the grantee and is non-assignable, except in the case of the death of a participant. The Stock Based Compensation Plan contains standard adjustment and anti-dilution provisions for changes in the capital structure of the Corporation. For a description of the treatment of Incentive Based Units in the case of

the termination of a holder's employment or certain transactions involving the Corporation, see "*Termination and Change of Control Benefits*" below.

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all awards outstanding as at December 31, 2015 for the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards		
	Number of Common Shares underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of units or Common Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Bradley P. D. Fedora	57,700 ⁽¹⁾	\$11.64	February 3, 2016	Nil ⁽¹⁰⁾	104,315	424,562 ⁽¹¹⁾	179,609 ⁽¹¹⁾
	52,800 ⁽²⁾	\$12.73	January 10, 2017	Nil ⁽¹⁰⁾			
	108,600 ⁽³⁾	\$10.65	January 21, 2018	Nil ⁽¹⁰⁾			
	36,585 ⁽⁴⁾	\$12.07	August 13, 2018	Nil ⁽¹⁰⁾			
	86,800 ⁽⁵⁾	\$10.74	February 7, 2019	Nil ⁽¹⁰⁾			
	95,800 ⁽⁶⁾	\$7.24	January 21, 2020	Nil ⁽¹⁰⁾			
Barry O'Brien	38,800 ⁽¹⁾	\$11.64	February 3, 2016	Nil ⁽¹⁰⁾	59,808	243,419 ⁽¹¹⁾	104,660 ⁽¹¹⁾
	32,400 ⁽²⁾	\$12.73	January 10, 2017	Nil ⁽¹⁰⁾			
	65,200 ⁽³⁾	\$10.65	January 21, 2018	Nil ⁽¹⁰⁾			
	18,293 ⁽⁴⁾	\$12.07	August 13, 2018	Nil ⁽¹⁰⁾			
	49,800 ⁽⁵⁾	\$10.74	February 7, 2019	Nil ⁽¹⁰⁾			
	55,000 ⁽⁶⁾	\$7.24	January 21, 2020	Nil ⁽¹⁰⁾			
Todd Thue	38,800 ⁽¹⁾	\$11.64	February 3, 2016	Nil ⁽¹⁰⁾	59,808	243,419 ⁽¹¹⁾	104,660 ⁽¹¹⁾
	32,400 ⁽²⁾	\$12.73	January 10, 2017	Nil ⁽¹⁰⁾			
	65,200 ⁽³⁾	\$10.65	January 21, 2018	Nil ⁽¹⁰⁾			
	18,293 ⁽⁴⁾	\$12.07	August 13, 2018	Nil ⁽¹⁰⁾			
	49,800 ⁽⁵⁾	\$10.74	February 7, 2019	Nil ⁽¹⁰⁾			
	55,000 ⁽⁶⁾	\$7.24	January 21, 2020	Nil ⁽¹⁰⁾			
Dave Westlund	45,000 ⁽⁷⁾	\$10.74	February 7, 2019	Nil ⁽¹⁰⁾	51,667	210,285 ⁽¹¹⁾	21,705 ⁽¹¹⁾
	25,000 ⁽⁸⁾	\$11.71	October 14, 2019	Nil ⁽¹⁰⁾			
	36,900 ⁽⁶⁾	\$7.24	January 21, 2020	Nil ⁽¹⁰⁾			
Ken Wagner	39,000 ⁽⁹⁾	\$6.52	March 13, 2020	Nil ⁽¹⁰⁾	Nil	Nil	Nil

Notes:

- (1) Represents the annual Option grant to the Named Executive Officers in 2011 pursuant to the Option Plan.
- (2) Represents the annual Option grant to the Named Executive Officers in 2012 pursuant to the Option Plan.
- (3) Represents the annual Option grant to the Named Executive Officers in 2013 pursuant to the Option Plan.
- (4) Represents a one-time Option grant to these Named Executive Officers in 2013 pursuant to the Option Plan.
- (5) Represents the annual Option grant to the Named Executive Officers in 2014 pursuant to the Option Plan.
- (6) Represents the annual Option grant to the Named Executive Officers in 2015 pursuant to the Option Plan.
- (7) Represents an initial Option grant to the Mr. Westlund in 2014 pursuant to the Option Plan.
- (8) Represents a one-time Option grant to the Mr. Westlund in 2014 pursuant to the Option Plan.
- (9) Represents an initial Option grant to the Mr. Wagner in 2015 pursuant to the Option Plan.
- (10) The estimated market or payout value is determined by multiplying the number of Options by the difference between the \$4.07 closing price of the Common Shares on the TSX on December 31, 2015 and the respective exercise price of the Options.
- (11) The estimated market or payout value is determined by multiplying the number of Incentive Based Units by the \$4.07 closing price of the Common Shares on the TSX on December 31, 2015.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of the awards that vested for each Named Executive Officer in 2015, as well as the non-equity incentive plan compensation earned during the year.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽²⁾
Bradley P. D. Fedora	Nil	159,083 ⁽¹⁾	Nil
Barry O'Brien	Nil	92,965	Nil
Todd Thue	Nil	92,965	Nil
Dave Westlund	Nil	37,931	Nil
Ken Wagner	Nil	Nil	Nil

Notes:

- (1) The value of the share-based awards which vested during the 2015 financial year is comprised of the Incentive Based Units for each NEO which vested during 2015, the value of which was determined by multiplying the number of Incentive Based Units which vested by the closing price of the Common Shares on the TSX on the applicable vesting date.
- (2) Due to weak industry conditions in 2015, all non-equity based bonuses earned were paid in Incentive Based Units rather than cash.

Non-Equity Incentive Plan Awards

Annual Bonus

Structure of Bonus

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

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

Basis for Awards

The Corporate Governance and Compensation Committee reviews the performance of the Corporation and the Named Executive Offices in January each year. Corporate performance, which accounts for half of each Named Executive Officer's annual evaluation, is measured using an equal weighting of: (i) percentage EBITDA margin; (ii) safety statistics; (iii) return on invested capital; and (iv) revenue growth. Personal performance, which also accounts for half of each Named Executive Officer's annual evaluation, is measured using a 0-10 point scoring system on the following categories: (i) core values; (ii) leadership; (iii) safety; (iv) achieving annual Smart Goals; (v) teamwork; and (vi) attitude. The Corporate Governance and Compensation Committee defines EBITDA as income and comprehensive income (loss) for the year adjusted for depreciation and amortization, equity settled share-based payment transactions, gain or loss on the sale of property and equipment, finance costs, foreign exchange (gain) loss, income tax (recovery) expense, bargain purchase on business combinations and goodwill impairment.

The Named Executive Officer is then given a corporate score out of 50 and a "personal performance score" out of 50 and that total is the percentage applied to their base salary to determine the value of the annual bonus.

The table below shows the bonus awards for 2015 for each Named Executive Officer:

NEO	2015 Salary Earned ⁽¹⁾ (\$)	2015 Bonus Award ⁽²⁾ (\$)	2015 Bonus Award as a % of Salary
Bradley P.D. Fedora President and Chief Executive Officer	360,000	Nil	0%
Barry O'Brien Vice President, Finance and Chief Financial Officer	270,000	Nil	0%
Todd Thue Chief Operating Officer	270,000	Nil	0%
Dave Westlund Director, Sales	247,500	Nil	0%
Ken Wagner Vice President, Fluid Management	247,500	Nil	0%

Notes:

- (1) On April 1, 2015, the Corporation implemented temporary salary rollbacks for all employees, including a 10% salary rollback for all Named Executive Officers. See "*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation*" above.
- (2) Due to weak industry conditions in 2015, all non-equity based bonuses earned were paid in Incentive Based Units rather than cash. The value of those Incentive Based Units were \$326,300 for Mr. Fedora, \$182,300 for Mr. O'Brien, \$171,000 for Mr. Thue, \$171,900 for Mr. Westlund and \$156,500 for Mr. Wagner.

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

Pension Plan Benefits

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

Termination and Change of Control Benefits

General

On September 28, 2011, the Corporation entered into an employment agreement with Bradley P.D. Fedora for an indefinite term (the "**Fedora Employment Agreement**"). In the event of the termination of Mr. Fedora's employment, certain payments may be required to be made to Mr. Fedora pursuant to the Fedora Employment Agreement and the Option Plan and the Stock Based Compensation Plan. Additionally, the Corporation has entered into executive employment agreements (the "**Executive Employment Agreements**") with each of the following NEOs: Barry O'Brien, Todd Thue, Dave Westlund and Ken Wagner. The Executive Employment Agreements have an indefinite term and provide for salary, short-term and long-term incentives and benefits to be paid to the Named Executive Officer. In connection with the termination of a Named Executive Officer's employment, certain payments may be required to be made to such a terminated Named Executive Officer pursuant to their respective Executive Employment Agreements and the Option Plan and the Stock Based Compensation Plan.

For the purposes of the Fedora Employment Agreement the definition of "change of control" means: (i) the acquisition by a person of 50% or more of the Corporation's issued and outstanding voting securities; and (ii) the amalgamation or merger of or involving the Corporation with or into any one or more other corporations or business vehicles, provided that the former holders of voting securities of the Corporation receive, in the aggregate, less than 50% of the voting securities of the amalgamated or merged entity; or (iii) the sale of all or substantially all of the assets of the Corporation.

Fedora Employment Agreement

Termination for Just Cause and Voluntary Resignation

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

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

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

Non-Competition and Non-Solicitation

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

Executive Employment Agreements

Termination for Just Cause and Voluntary Resignation

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

Termination Without Just Cause or Constructive Dismissal

Each Executive Employment Agreement provides for compensation upon termination without just cause or constructive dismissal. In the case of Messrs. O'Brien and Thue, each individual will be entitled to receive a lump sum payment equal to: (i) 18 months' salary; (ii) any amounts owing for accrued vacation pay; (iii) any out of pocket expenses owing prior to the date of termination; (iv) any unpaid bonuses for prior financial years; (v) 1.5 times the average cash bonus granted in the two years preceding termination of employment; and (vi) 22.5% of annual salary in lieu of benefits. Mr. Westlund and Mr. Wagner's employment agreements provide for compensation upon termination without just cause or constructive dismissal equal to: (i) 12 months' salary; (ii) any amounts owing for accrued vacation pay; (iii) any out of pocket expenses owing prior to the date of termination; (iv) any unpaid

bonuses for prior financial years; (v) 1 times the average cash bonuses granted in the two years preceding termination of employment; and (vi) 15% of salary in lieu of benefits.

Option Plan

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

If Shareholders approve the amendment to the amending provision of the Option Plan at the Meeting and the Option Plan Amendments become effective, any grant of Options following the effective date of the Option Plan Amendments will be subject to the amended Option Plan such that a holder will be required to exercise any vested Options within 10 days after termination if the holder was terminated for Cause (as defined in the Option Plan) or within 30 days after termination if the holder was terminated other than for Cause, and the vesting provisions on a change of control to provide that the vesting of Options upon a change of control would only occur if the grantee it terminated in connection with such change of control or voluntarily resigns within 6 months of such change of control for "Good Reason" (as such term is defined in the Option Plan). Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution in respect of the amendment to the amending provision of the Option Plan.

Stock Based Compensation Plan

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

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

If Shareholders approve the Shareholder Approval Amendments at the Meeting and the Stock Based Compensation Plan Amendments become effective, any grant of Incentive Based Units following the effective date of the Stock Based Compensation Plan Amendments will be subject to the amended Stock Based Compensation Plan such that a holder will be required to exercise any vested Incentive Based Units within 10 days after termination if the holder was terminated for Cause (as defined in the Stock Based Compensation Plan); and the vesting provisions on a change of control will be amended to provide that the vesting of Incentive Based Units upon a change of control would only occur if the grantee it terminated in connection with such change of control or voluntarily resigns within 6 months of such change of control for "Good Reason" (as such term is defined in the Stock Based Compensation Plan). Previously allocated Incentive Based Units will continue to be unaffected by the approval or disapproval of the resolution in respect of the Shareholder Approval Amendments and the Disinterested Shareholder Approval Amendment.

Estimated Payments Upon Certain Events

The following tables set forth the estimated gross incremental payments that would have been required to have been made to the Named Executive Officers had a Named Executive Officer been terminated without just cause, in the case of constructive dismissal of the Named Executive Officer, or terminated following a change of control, in each case on December 31, 2015.

<u>Name</u>	<u>Salary (\$)</u>	<u>Total (\$)</u>
Bradley P.D. Fedora	400,000	1,760,100 ⁽¹⁾
Barry O'Brien	300,000	885,450 ⁽²⁾
Todd Thue	300,000	876,975 ⁽²⁾
Dave Westlund	275,000	532,200 ⁽²⁾
Ken Wagner	275,000	471,950 ⁽²⁾

Notes:

- (1) Represents the estimated gross incremental payout value pursuant to the Termination Payment (see "*Termination and Change of Control Benefits - Fedora Employment Agreement*" above) as a result of Mr. Fedora's employment being terminated without just cause, Mr. Fedora's constructive dismissal by the Corporation or following Mr. Fedora's election to terminate his employment following a change of control pursuant to the Fedora Employment Agreement.
- (2) Represents the estimated gross incremental payout value pursuant to the Executive Employment Agreements as a result of the Named Executive Officer's termination without just cause or constructive dismissal (see "*Termination and Change of Control Benefits - Executive Employment Agreements*" above).
- (3) No payments would be required to be made to any Named Executive Officers had any been terminated by reason of permanent disability on December 31, 2015.

DIRECTORS' COMPENSATION

Overview

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

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

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

Fees

During 2015, each director of the Corporation (who is not an officer or employee of the Corporation) received: (i) a quarterly retainer of \$6,250; (ii) a fee of \$1,250 for each Board or committee meeting attended; (iii) a one time (annual) grant of \$75,000 paid in Incentive Based Units; and (iv) a reimbursement for his out-of-pocket expenses for attending Board and committee meetings. The Chair of the Board and the Audit Committee are paid an additional \$30,000 and \$15,000 per year, respectively. The Chair of the Corporate Governance and Compensation Committee and the Health, Safety and Environment Committee are paid an additional \$5,000 per year. The Board also adjusted the above amounts for a 10% fee rollback on April 1, 2015 to align itself with the management of the Corporation.

Bradley P.D. Fedora, President and Chief Executive Officer of the Corporation, did not receive any compensation in his capacity as director of the Corporation for the 2015 fiscal year. For a description of Mr. Fedora's compensation, see "*Executive Compensation*" above.

Summary Compensation Table

The following table summarizes the compensation paid, payable, awarded or granted for 2015 to each of the independent directors of the Corporation. See "*Corporate Governance Practices*" below.

Name	Fees Earned (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Stan G.P. Grad ⁽⁴⁾	22,125	75,000	Nil	Nil	Nil	117,548
Raymond P. Antony	79,750	75,000	Nil	Nil	Nil	172,548
Neil M. MacKenzie	38,125	75,000	Nil	Nil	Nil	128,798
M. Scott Ratushny	33,500	75,000	Nil	Nil	Nil	123,798
Miles Lich	39,375	75,000	Nil	Nil	Nil	132,548
Ken Mullen	39,375	75,000	Nil	Nil	Nil	105,048

Notes:

- (1) Represents all fees awarded, earned, paid, or payable in cash for services as a director for the year ended December 31, 2015.
- (2) Represents the fair value on January 11, 2016, the date of grant of 122,950 Incentive Based Units awarded under the Stock Based Compensation Plan for 2015 to each of Messrs, Antony, Grad, Lich, MacKenzie, Mullen and Ratushny (24,590 each), respectively, which will vest as to 1/3 on each of the first, second and third anniversaries of the date of the respective grants. See "*Executive Compensation – Incentive Plan Awards – Stock Based Compensation Plan*" above for a description of the Stock Based Compensation Plan. The grant date fair value has been calculated using an option pricing model as set out in IFRS 2 of the CPA Canada Handbook - Accounting. The Corporation has adopted the Black-Scholes model in order to measure the fair value of the equity instruments on the date of the grant. IFRS 2 of the CPA Canada Handbook - Accounting specifies the use of the Black-Scholes model or a binomial model. The key assumptions and estimates used for the calculation of the January 11, 2016 fair value under this model include a risk-free interest rate of 0.42% to 0.43%, an expected life of five years for the Incentive Based Units, volatility of 44.31% to 57.38% and dividend yield of 2.80%. The grant date fair value presented in the above table does not differ from the fair value determined in accordance with IFRS 2 of the CPA Canada Handbook - Accounting. As Mr. Grad ceased to be a director on November 1, 2015, all of his unexercised Incentive Based Units terminated 30 days following his resignation as a director in accordance with the Stock Based Compensation Plan.
- (3) Stan G.P. Grad ceased to be a director on November 1, 2015.

Incentive Plan Awards

Option Plan and Stock Based Compensation Plan

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

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all awards outstanding as at December 31, 2015 for the directors of the Corporation.

Name	Option-Based Awards			Share-Based Awards			
	Number of Common Shares underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of units of Common Shares that have not vested (#)	Market or pay-out value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Stan G.P. Grad ⁽³⁾	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Raymond P. Antony	Nil	N/A	N/A	N/A	21,350	86,895 ⁽¹⁾	61,050 ⁽²⁾
Neil M. MacKenzie	Nil	N/A	N/A	N/A	21,350	86,895 ⁽¹⁾	Nil ⁽²⁾
M. Scott Ratushny	Nil	N/A	N/A	N/A	21,350	86,895 ⁽¹⁾	Nil ⁽²⁾
Miles Lich	Nil	N/A	N/A	N/A	21,350	86,895 ⁽¹⁾	30,525 ⁽²⁾
Ken Mullen	Nil	N/A	N/A	N/A	18,850	76,720 ⁽¹⁾	10,175 ⁽²⁾

Notes:

- (1) Represents the Incentive Based Units awarded to respective directors which have not yet vested. The estimated market or payout value is determined by multiplying the number of Incentive Based Units that are not vested by the \$4.07 closing price of the Common Shares on the TSX on December 31, 2015.
- (2) Represents the Incentive Based Units awarded to respective directors which have vested. The estimated market or payout value is determined by multiplying the number of vested Incentive Based Units by the \$4.07 closing price of the Common Shares on the TSX on December 31, 2015.
- (3) Stan G.P. Grad ceased to be a director on November 1, 2015. As a result, all of his unexercised Incentive Based Units terminated 30 days following his resignation as a director in accordance with the Stock Based Compensation Plan.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of the awards that vested for or were earned by each director of the Corporation for the year ended December 31, 2015.

Name	Option-based awards- Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Stan G.P. Grad ⁽²⁾	N/A	145,942 ⁽¹⁾	N/A
Raymond P. Antony	N/A	53,200 ⁽¹⁾	N/A
Neil M. MacKenzie	N/A	53,200 ⁽¹⁾	N/A
M. Scott Ratushny	N/A	53,200 ⁽¹⁾	N/A
Miles Lich	N/A	32,975 ⁽¹⁾	N/A
Ken Mullen	N/A	16,650 ⁽¹⁾	N/A

Notes:

- (1) The value of the share-based awards which vested during the 2015 financial year is comprised of the Incentive Based Units for each director which vested during 2015, the value of which was determined by multiplying the number of Incentive Based Units which vested by the closing price of the Common Shares on the TSX on the applicable vesting date.
- (2) Stan G.P. Grad ceased to be a director on November 1, 2015. As a result, all of his unexercised Incentive Based Units terminated 30 days following his resignation as a director in accordance with the Stock Based Compensation Plan

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the financial year ended December 31, 2015:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding Options and Rights	Weighted average exercise price of outstanding Options	Number of Securities remaining available for future issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)
Equity compensation plans approved by securityholders	4,442,959 ⁽¹⁾	\$9.69 ⁽²⁾	2,469,513
Total	4,442,959		

Notes:

- (1) Represents outstanding Options and Incentive Based Units granted pursuant to the Option Plan and Stock Based Compensation Plan, respectively, as at December 31, 2015. For descriptions of the Option Plan and Stock Based Compensation Plan, see "*Executive Compensation – Incentive Plan Awards – Option Plan*" and "*Executive Compensation – Incentive Plan Awards – Stock Based Compensation Plan*", respectively.
- (2) The Incentive Based Units do not have an exercise price. As such, only the weighted average exercise price of Options is included.

MANAGEMENT CONTRACTS

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

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

1. Board of Directors

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

The Board is currently comprised of six members. Currently, Raymond P. Antony, Neil M. MacKenzie, Ken Mullen, Miles Lich and M. Scott Ratushny are all considered independent directors of the Corporation. Bradley P.D. Fedora is not considered to be an independent director, as Mr. Fedora is the President and Chief Executive Officer of the Corporation. Stan G.P. Grad ceased to be a director on November 1, 2015. Therefore, five of the current six Board members (83%) are considered independent directors. Additionally, it is expected that Pat Powell, a nominee as a director at the Meeting will be an independent director if elected. The Board is responsible for determining whether a director is an independent director.

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

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

<u>Director</u>	<u>Other Reporting Issuers</u>
Brad Fedora	Horizon North Logistics Inc.
Raymond P. Antony	Blackhawk Resource Corp.
Neil MacKenzie	Yangarra Resources Ltd.
M. Scott Ratushny	Cardinal Energy Ltd.
Ken Mullen	Raimount Energy Inc.

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

Since the beginning of the Corporation's most recently completed financial year ended December 31, 2015 until April 15, 2016, the Board held six meetings, on March 5, May 5, July 30, September 10, November 4, 2015 and

March 3, 2016. For a description of the attendance record of each director at Board meeting and meetings of each committee of the Board from the beginning of the financial year ended December 31, 2015 until April 15, 2016, refer to the biographies of each director under the heading "*Matters to be Acted Upon at the Meeting – Election of Directors of the Corporation – Director Nominees – Directors' Biographies*".

2. Board Mandate

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

Strategic Plan

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

Identification of Principal Risks

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

Communication Policy

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

Internal Control and Management Information Systems

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

Shareholder Feedback

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

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

Commitment and Attendance

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

Participation in Meetings

Each director should be sufficiently familiar with the business of the Corporation, including its financial statements and capital structure and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management makes

appropriate personnel available to answer any questions a director may have about any aspect of the Corporation's business. Directors should also review the materials provided by management and Corporation advisors in advance of meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

Ethical Business Conduct

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

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

Other Directorships

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

Contact with Management

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

Confidentiality

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

Independent Director Sessions

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

Evaluating Board Performance

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

3. Position Descriptions

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

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

4. Orientation and Continuing Education

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

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

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

5. Ethical Business Conduct

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

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

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

6. Compensation

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

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

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

The Corporate Governance and Compensation Committee determines the compensation for the Corporation's directors and executive officers. As a part of this process, compensation levels by reviewing compensation paid for directors and officers of companies of similar size and stage of development.

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

7. Other Board Committees

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

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

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

8. Assessments

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

9. Director Nominations

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

10. Director Term Limits and Other Mechanisms of Board Renewal

The Board does not believe that fixed term limits are in the best interest of the Corporation. Therefore it has not specifically adopted term limits or other mechanisms for board renewal.

However, when considering nominees for the Board, the Corporate Governance and Compensation Committee reviews the skills and experience of the current directors of the Corporation to assess whether the Board's skills and experience need to be strengthened in any area. In addition to considering the skills and experience of the Board, the Corporate Governance and Compensation Committee also assesses the knowledge and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. The Corporate Governance and Compensation Committee considers both the term of service and age of individual directors, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of the Corporation. The Corporate Governance and Compensation Committee considers the benefits of regular renewal in the context of the needs of the Board at the time and the benefits of the institutional knowledge of the Board members.

11. Policies Regarding the Representation of Women on the Board

The Board has not adopted a written policy relating to the identification and nomination of female directors nor does it have targets regarding the number of women on the Board. The Board believes that director nominations should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board at the time. The Corporation is committed to a meritocracy and believes that considering the broadest group of individuals with the skills, knowledge, experience and character required to provide the leadership needed to achieve its business objectives is in the best interests of the Corporation and its stakeholders, without reference to their age, gender, race, ethnicity or religion. While the Board recognizes the benefits of diversity at the Board level and in assessing candidates and selecting nominees for the Board, diversity will also be considered by the Corporate Governance and Compensation Committee, the Board will not compromise the principles of a meritocracy.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

As a result of the Corporation's commitment to meritocracy, the level of representation of women on the Board is not specifically considered in identifying and nominating candidates for election to the Board. See item 11.

13. Consideration given to the Representation of Women in Executive Officer Appointments

As a result of the Corporation's commitment to meritocracy, the level of representation of women in executive officer positions is not considered when making executive officer appointments. See item 14.

14. Corporation's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

The Board does not specifically consider the level of female representation in executive officer positions when making such appointments nor does it have targets in respect of appointing women to these positions. Similar to the Board's approach in considering director nominations, in making appointments to executive officer positions, the Board considers each candidate's experience, knowledge, education, management capabilities and competency, as well as the effect of the appointment on the diversity of the Corporation's executive officers as a whole.

15. Number of Women on the Board and in Executive Officer Positions

There are presently no (0%) women serving on the Board or in executive officer positions.

AUDIT COMMITTEE INFORMATION

Certain other information regarding the Corporation's Audit Committee that is required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* is contained in the Corporation's annual information form for the year ended December 31, 2015, which is available on the Corporation's website at www.canyontech.ca or under the Corporation's profile at www.sedar.com.

ADDITIONAL INFORMATION

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



APPENDIX "A"

CANYON SERVICES GROUP INC. AMENDED STOCK BASED COMPENSATION PLAN

1. Purpose of the Plan

The purpose of the Plan is to provide certain directors, officers, key employees and consultants of the Corporation and its Subsidiaries with an opportunity to acquire Common Shares in lieu of cash bonuses and to benefit from the appreciation thereof. This will provide an increased incentive for these directors, officers, key employees and consultants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

2. Defined Terms

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

- (a) **"Black Out Period"** means a period of time during which the relevant Participant is prohibited from exercising an Incentive Based Unit due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that are in effect at that time;
- (b) **"Board"** means the board of directors of the Corporation;
- (c) **"Business Day"** means each day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta;
- (d) **"Cause"** shall mean anything which constitutes just cause for termination of employment at common law including, without limitation: (i) the wilful failure of the Participant to carry out the Participant's duties properly or to comply with the Corporation's rules, policies and practices; (ii) improper conduct of the Participant which is materially detrimental to the financial interests of the Corporation; (iii) the conviction of the Participant for fraud, embezzlement or theft; or (iv) the intentional disclosure by the Participant of confidential information of the Corporation without the Corporation's consent;
- (e) **"Change of Control"** means:
 - (i) the sale to a person or acquisition by a person not affiliated with the Corporation or its Subsidiaries of net assets of the Corporation or its Subsidiaries having a value greater than 50% of the fair market value of the net assets of the Corporation and its Subsidiaries determined on a consolidated basis prior to such sale whether such sale or acquisition occurs by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise; or
 - (ii) any change in the holding, direct or indirect, of shares of the Corporation by a person not affiliated with the Corporation as a result of which such person, or a group of persons, or persons acting in concert, or persons associated or affiliated with any such person or group within the meaning of the *Business Corporations Act* (Alberta), are in a position to exercise effective control of the Corporation whether such change in the holding of such shares occurs by way of takeover bid, reconstruction, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise if members

of the Board who are members of the Board immediately prior to the earlier of such change and the first public announcement of such change cease to constitute a majority of the Board at any time within sixty days of such change; and for the purposes of the Plan, a person or group of persons holding shares or other securities in excess of the number which, directly or following conversion thereof, would entitle the holders thereof to cast 50% or more of the votes attaching to all shares of the Corporation which, directly or following conversion of the convertible securities forming part of the holdings of the person or group of persons noted above, may be cast to elect directors of the Corporation shall be deemed, other than a person holding such shares or other securities in the ordinary course of business as an investment manager who is not using such holding to exercise effective control, to be in a position to exercise effective control of the Corporation;

- (iii) the winding up or liquidation of the Corporation or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of the Corporation to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the Corporation is continued and where the shareholdings or other securityholdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a "Change of Control" if Subsection 2(e)(ii) above was applicable to the transaction);
- (f) "**Common Shares**" means the common shares of the Corporation or, in the event of an adjustment contemplated by Section 8 hereof, such other Common Shares to which a Participant may be entitled upon the exercise of an Incentive Based Unit as a result of such adjustment;
- (g) "**Corporation**" means Canyon Services Group Inc., and includes any successor corporation thereof;
- (h) "**Exchange**" means the Toronto Stock Exchange or, if the Common Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;
- (i) "**Fiscal Year**" means any fiscal year of the Corporation or any Subsidiary of the Corporation, as applicable;
- (j) "**Good Reason**" means any materially adverse change by the Corporation without the agreement of a Participant, in any of the Participant's duties, powers, rights, salary, title or lines of reporting, such that immediately after such change or series of changes, the responsibilities and status of such Participant, taken as a whole, are fundamentally diminished compared to those assigned to the Participant immediately prior to such change or series of changes, or any other reason that would be considered to amount to constructive dismissal by a court of competent jurisdiction in Alberta;
- (k) "**Incentive Based Unit**" means a right granted to a Participant, in accordance with Section 5 hereof, to receive one Common Share for no further consideration or payment by such Participant;
- (l) "**Insider**" means:
 - (i) an "insider", as defined in the *Securities Act* (Alberta) of the Corporation; and
 - (ii) an associate or affiliate (as defined in the *Securities Act* (Alberta)) of any person who is an insider by virtue of (i) above;

- (m) "**Non-Management Directors**" means a director of the Corporation who is not also an employee of the Corporation or any Subsidiary of the Corporation;
- (n) "**Participants**" means certain directors, officers, key employees and consultants of the Corporation or any Subsidiary of the Corporation who have been designated by the Corporation for participation in the Plan and who have agreed to participate in the Plan on such terms as the Board may specify;
- (o) "**Permanent Disability**" means in respect of any Participant, any permanent disability as defined in the Corporation's (or Subsidiary, as applicable) long term disability policies or plans which are applicable to such Participant at the relevant time;
- (p) "**Plan**" means the stock based compensation plan of the Corporation, as the same may be amended or varied from time to time;
- (q) "**Security Based Compensation Arrangement**" for the purposes of the Plan means any option, share option plan, share incentive plan, employee share purchase plan where the Corporation provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Corporation's treasury, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury;
- (r) "**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (s) "**Termination Date**" means (i) for a Participant who is an employee or consultant, the date that is the last day of the active performance by a Participant of the usual and customary day-to-day duties of the Participant's employment or consulting position, without regard to any contractual, common law or other notice period that might apply to such termination or resignation and without regard to whether any or any adequate or proper advance notice of termination or resignation shall have been provided in respect of such Participant (for greater certainty, in the event that a Participant is on maternity or parental leave or any other leave of absence provided for in the policies, plans or regulations of the Corporation or that is otherwise specifically approved by the Corporation, such Participant shall not be deemed to have ceased to be an employee or consultant, as applicable); and (ii) for a Participant who is a director, the date that such Participant ceases to hold office as a director; and
- (t) "**Vesting Date**" means the date after which respective Incentive Based Units granted pursuant to the Plan may be exercised as more particularly set forth in Section 6 hereof. Notwithstanding anything else contained herein or in agreements subject to the Plan, if there occurs a Change of Control, each of the respective Vesting Dates of the Incentive Based Units granted pursuant to the Plan shall be deemed to be amended to be the date upon (or immediately prior to) the completion of the transaction resulting in the Change of Control if: (a) the required steps, as determined by the Board in its discretion, are not being taken in connection with such Change of Control to cause the conversion or exchange or replacement of any outstanding Incentive Based Units into or for rights or other securities of substantially equivalent value (or greater value), as determined by the Board in its discretion, in any entity participating in or resulting from a Change of Control; or (b) the Corporation has entered into an agreement relating to a transaction which, if completed, would result in a Change of Control and the counterparty or counterparties to such agreement require that all outstanding Incentive Based Units will be either (i) exercised immediately before the effective time of such transaction, or (ii) terminated on or after the effective time of such transaction.

3. Administration of the Plan

- (a) Subject to Paragraph 3(b), the Plan shall be administered by the Board. The Corporation shall effect the grant of Incentive Based Units under the Plan, in accordance with determinations made by the Board pursuant to the provisions of the Plan as to:
- (i) the directors, officers, key employees and consultants of the Corporation and any Subsidiaries to whom Incentive Based Units will be granted; and
 - (ii) the number of Incentive Based Units which shall be granted to each Participant;
- by the execution and delivery of instruments in writing in form approved by the Board in accordance with Section 5.
- (b) The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board.

4. Participation

- (a) From time to time, the Board may designate one or more directors, officers, key employees and consultants of the Corporation or a Subsidiary of the Corporation as "**Participants**" for the purposes of the Plan. Any director, officer, key employee or consultant of the Corporation or a Subsidiary of the Corporation who has (i) been designated as a "**Participant**" for the purposes of the Plan, and (ii) who agrees to participate in the Plan on such terms as the Board may specify at the time he or she is designated as a Participant, shall become a Participant in the Plan.
- (b) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect any employment or office of any director, officer, key employee or consultant of the Corporation or any Subsidiaries of the Corporation.

5. Granting of Incentive Based Units

- (a) The Board from time to time may grant Incentive Based Units to Participants in such number and at such times as the Board may in its sole discretion determine, subject to the limits prescribed herein, as compensation or similar payment in respect of services rendered by the Participant for a Fiscal Year.
- (b) Each Incentive Based Unit will give the Participant the right to receive, on or after the Vesting Date for such Incentive Based Unit upon exercise, pursuant to the provisions of the Plan and in accordance with the terms of the Grant Agreement (as defined herein) relating to such Incentive Based Unit, one Common Share for no further consideration or payment by such Participant.
- (c) Each Incentive Based Unit granted under the Plan shall be evidenced by an agreement evidencing such grant (a "**Grant Agreement**"), in such form or forms as the Board shall approve from time to time, which shall set forth such terms and conditions consistent with the terms of the Plan as the Board may determine. Each Grant Agreement shall set forth, at a minimum, the number of Incentive Based Units subject to such Grant Agreement, the applicable Vesting Date for each Incentive Based Unit, and may specify such other terms and conditions consistent with the terms of the Plan as the Board shall determine or as shall be required under any other provision of the Plan. The Board may include in a Grant Agreement terms or conditions pertaining to confidentiality of information relating to the Corporation's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting Date of an Incentive Based Unit.

- (d) No certificates shall be issued with respect to Incentive Based Units.
- (e) The aggregate number of Common Shares that may be issued pursuant to the exercise of Incentive Based Units awarded under the Plan, together with all other Security Based Compensation Arrangements, is 10% of the issued and outstanding Common Shares from time to time, subject to the following additional limitations:
 - (i) the number of Common Shares reserved for issuance at any time, pursuant to the Plan and under any other Security Based Compensation Arrangement, to Insiders shall not exceed 10% of the outstanding Common Shares and the number of Common Shares issued within one year, pursuant to the Plan and under any other Security Based Compensation Arrangement, to Insiders shall not exceed 10% of the outstanding Common Shares; and
 - (ii) the aggregate number of Common Shares that may be reserved for issuance pursuant to the Plan and under any other Security Based Compensation Arrangement awarded to Non-Management Directors under the Plan shall not exceed 1% of the Common Shares outstanding from time to time and the aggregate value of Incentive Based Units and other securities under any other Security Based Compensation Arrangement granted to any one Non-Management Director in any one year period shall not exceed \$100,000.
- (f) The term of Incentive Based Units granted shall be determined by the Board in its discretion, to a maximum of 5 years from the date of the grant of the Incentive Based Unit.
- (g) Should the expiry date of an Incentive Based Unit fall within a Black Out Period or within nine Business Days following the expiration of a Black Out Period, such expiry date of the Incentive Based Unit shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiry date for such Incentive Based Unit for all purposes under the Plan. Notwithstanding Section 11 below, the ten Business Day period referred to in this Paragraph may not be extended by the Board.
- (h) The Common Shares in respect of which Incentive Based Units are not exercised shall be available for subsequent Incentive Based Units grants. No fractional Common Shares may be purchased or issued hereunder.

6. Vesting

The Board may, in its sole discretion, determine the Vesting Date of the Incentive Based Units to be granted hereunder and the method of vesting, acceleration of vesting (including, without limitation, in the case of a takeover bid or other change of control), or that no vesting restriction shall exist.

7. Exercise of Incentive Based Units

Subject to the Plan, a Participant (or his or her legal personal representative) may exercise from time to time by delivery to the President of the Corporation, at its head office in Calgary, Alberta, of a notice of exercise ("**Exercise Notice**") specifying the number of Common Shares with respect to which Incentive Based Units are being exercised. Upon exercise of the Incentive Based Unit, the Corporation will cause to be delivered to the Participant such Common Shares in the name of the Participant or the Participant's legal personal representative or otherwise as the Participant may or they may in writing direct, and such Common Shares may be evidenced by a notice of Common Shares being registered as uncertificated book-based securities or by a share certificate representing such Common Shares.

8. Adjustments in Common Shares

- (a) Appropriate adjustments in the number of Common Shares subject to the Plan and, as regards Incentive Based Units granted or to be granted, in the number of Common Shares optioned, shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.
- (b) Incentive Based Units granted to Participants hereunder are non-assignable, except in the case of the death of a Participant (which is provided for in Section 10), and are exercisable only by the Participant to whom the Incentive Based Unit has been granted.

9. Decisions of the Board

All decisions and interpretations of the Board respecting the Plan or Incentive Based Units granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants (and entities controlled thereby) eligible under the provisions of the Plan to participate therein.

10. Termination of Employment/Death or Permanent Disability

- (a) Subject to Paragraph 10(b) and to any express resolution passed by the Board, an Incentive Based Unit (including a vested Incentive Based Unit) and any right to acquire Common Shares pursuant thereto shall terminate and may not be exercised or redeemed after the earliest of:
 - (i) the close of business on the date which is 10 days after the Termination Date, in the event that a Participant who is an employee is terminated by the Corporation for Cause, or in the event that a Participant who is a consultant is terminated by the Corporation due to a material breach of the consulting relationship by the Participant, provided that in either such event any Incentive Based Units which have not vested on or before the Termination Date will immediately expire on the Termination Date;
 - (ii) the close of business on the date which is 30 days after the Termination Date, in the event that a Participant who is an employee is terminated by the Corporation other than for Cause (including due to a Permanent Disability), or in the event that a Participant who is a consultant is terminated by the Corporation other than due to a material breach of the consulting relationship by the Participant, or in the event that the employment or consulting relationship, as applicable, is terminated voluntarily by the Participant for any reason, or in the event of the death of the Participant; and
 - (iii) the expiry of an Incentive Based Unit in accordance with the terms thereof.
- (b) The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any Subsidiary, nor does it interfere or affect in any way the right of the Participant, the Corporation or the Subsidiary to terminate the Participant's employment or other relationships with the Corporation or any Subsidiary at any time.
- (c) Incentive Based Units shall not be affected by any change of status of the Participant where the Participant continues to be at least one of a director, officer, key employee or consultant of the Corporation or a Subsidiary of the Corporation.
- (d) If a Participant has an Incentive Based Unit on the Termination Date with an expiry date that falls within a Black Out Period that was in effect at the Termination Date or within nine Business Days

following the expiration of a Black Out Period that was in effect at the Termination Date, such expiry date of the Incentive Based Unit shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiry date for such Incentive Based Unit for all purposes under the Plan. Notwithstanding Section 11 below, the ten Business Day period referred to in this Paragraph may not be extended by the Board.

- (e) Notwithstanding anything contained herein, in the event of any Change of Control prior to the expiry date of any outstanding Incentive Based Unit: (i) a Participant is terminated without Cause in direct connection with such Change of Control, or is terminated without Cause within six (6) months immediately following the effective time of such Change of Control, all Incentive Based Units held by the Participant shall vest on the Termination Date, and if the Termination Date is prior to, or at, the effective time of such Change of Control, the Participant shall be entitled to exercise all Incentive Based Units held by the Participant until immediately prior to the effective time of such Change of Control (or such other time as may be designated by the Board), or if the Termination Date is after the effective time of such Change of Control, the Participant shall be entitled to exercise all Incentive Based Units held by such Participant until the date that is 90 days after the Termination Date. All Incentive Based Units which have not been exercised prior to the required dates as set out above in this paragraph 10(e) shall become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Participant; or (ii) within six (6) months immediately following the effective time of such Change of Control, the Participant terminates the employment or consulting relationship for an event or events which constitute Good Reason, all Incentive Based Units held by the Participant shall vest on the Termination Date and the Participant shall be entitled to exercise all Incentive Based Units held by such Participant until the date that is 90 days after the Termination Date, provided that after such date all Incentive Based Units which have not been exercised shall become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Participant.

11. Amendment or Discontinuance of Plan

- (a) Subject to Subsections 11(b) and (c), the Board may, at any time and from time to time, without the approval of the holders of Common Shares or any other voting securities of the Corporation, suspend, discontinue or amend the Plan or an Incentive Based Unit made thereunder.
- (b) Notwithstanding Subsection 11(a), the Board may not, without the approval of the holders of Common Shares to be received in such manner as may be required by the policies of the Exchange, amend the Plan or an Incentive Based Unit to:
- (i) extend the expiry date of any outstanding Incentive Based Units granted under the Plan (subject to such date being extended by virtue of a Black Out Period as outlined in the Plan);
 - (ii) increase the percentage of the issued and outstanding Common Shares that are available to be issued pursuant to granted and outstanding Incentive Based Units and any other Security Based Compensation Arrangements at any time pursuant to Subsection 5(e);
 - (iii) increase the number of Common Shares that may be issued to Insiders of the Corporation above the restrictions contained in Subsection 5(e)(i);
 - (iv) increase the number of Common Shares reserved for issuance or permitted to be issued or granted to Non-Management Directors pursuant to Subsection 5(e)(ii);
 - (v) permit an increase in the number of Incentive Based Units by the cancellation and immediate re-issue of Incentive Based Units or other entitlements;

- (vi) permit the transfer or assignment of Incentive Based Units, except in the case of death of a Participant; or
 - (vii) make any amendments to this Section 11.
- (c) Notwithstanding Subsection 11(a), unless a holder of Incentive Based Units otherwise agrees, the Board may not suspend, discontinue or amend the Plan or amend any outstanding Incentive Based Unit in a manner that would adversely alter or impair any Incentive Based Unit previously granted to the Participant under the Plan, and any such suspension, discontinuance or amendment of the Plan or amendment to an Incentive Based Unit shall apply only in respect of Incentive Based Units granted on or after the date of such suspension, discontinuance or amendment. No suspension, discontinuance or amendment of the Plan or amendment of an Incentive Based Unit may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan, the Incentive Based Unit or the Corporation is now or may hereafter be subject.

12. Withholding Tax

As a condition to the exercise of an Incentive Based Unit, the Corporation shall have the right to require the Participant or such other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods, at the absolute discretion of the Corporation:

- (a) the tendering by the Participant of a cash payment to the Corporation in an amount not less than the total withholding tax obligation; or
- (b) the withholding by the Corporation from the Common Shares otherwise due to the Participant such number of Common Shares as it determines are required to be sold by, or on behalf of, the Corporation, as trustee, to satisfy the total withholding tax obligation (net of selling costs which shall be paid by the Participant). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; or
- (c) the withholding by the Corporation or its applicable subsidiary, as the case may be, from any cash payment otherwise due to the Participant (whether arising pursuant to the Participant's relationship as an officer or employee of the Corporation or as a result of the Participant providing services to the Corporation or otherwise) such amount of cash as is not less than the amount of the total withholding tax obligation;

provided, however, that the sum of any cash so paid or withheld and the net proceed of the sale of any Common Shares so withheld is sufficient to satisfy the total withholding tax obligation. Any reference in the Plan to the issuance of Common Shares upon exercise of an Incentive Based Unit is expressly subject to this Section 12.

Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Incentive Based Unit granted under the Plan. The Board and the Corporation make no guarantees to any person regarding the tax treatment of the granting, holding or exercising of an Incentive Based Unit and none of the Corporation, nor any of its employees or representatives shall have any liability to a Participant (or its beneficiaries) with respect thereto.

13. Regulatory Approvals

The Corporation's obligation to issue and deliver Common Shares under any Incentive Based Unit is subject to:

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

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

14. Participants' Rights

A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Incentive Based Unit or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

15. Effective Time of Grant

A grant of Incentive Based Units is effective as of 12:01 a.m. on the date of grant.

16. Exchange Approvals

The Plan shall be subject to acceptance by the Exchange. In addition, any material amendments to the Plan are subject to the prior approval of the Exchange. Any Incentive Based Units granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Incentive Based Units may be exercised unless such approval and acceptance is given.

MADE effective February 11, 2009, and approved by the shareholders of the Corporation on March 31, 2009, as amended and approved by the Board of Directors of the Corporation on April 14, 2016 and effective on approval by the shareholders of the Corporation on May 18, 2016.



APPENDIX "B"

CANYON SERVICES GROUP INC. AMENDED STOCK OPTION PLAN

1. Purpose of the Plan

The purpose of the Plan is to provide certain directors, officers, key employees and consultants of the Corporation and its Subsidiaries with an opportunity to purchase Common Shares and to benefit from the appreciation thereof. This will provide an increased incentive for these directors, officers, key employees and consultants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

2. Defined Terms

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

- (a) **"Black Out Period"** means a period of time during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that are in effect at that time;
- (b) **"Board"** means the board of directors of the Corporation;
- (c) **"Business Day"** means each day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta;
- (d) **"Cause"** shall mean anything which constitutes just cause for termination of employment at common law including, without limitation: (i) the wilful failure of the Participant to carry out the Participant's duties properly or to comply with the Corporation's rules, policies and practices; (ii) improper conduct of the Participant which is materially detrimental to the financial interests of the Corporation; (iii) the conviction of the Participant for fraud, embezzlement or theft; or (iv) the intentional disclosure by the Participant of confidential information of the Corporation without the Corporation's consent;
- (e) **"Change of Control"** means:
 - (i) the sale to a person or acquisition by a person not affiliated with the Corporation or its Subsidiaries of net assets of the Corporation or its Subsidiaries having a value greater than 50% of the fair market value of the net assets of the Corporation and its Subsidiaries determined on a consolidated basis prior to such sale whether such sale or acquisition occurs by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise; or
 - (ii) any change in the holding, direct or indirect, of shares of the Corporation by a person not affiliated with the Corporation as a result of which such person, or a group of persons, or persons acting in concert, or persons associated or affiliated with any such person or group within the meaning of the *Business Corporations Act* (Alberta), are in a position to exercise effective control of the Corporation whether such change in the holding of such shares occurs by way of takeover bid, reconstruction, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise if members of the Board who are members of the Board immediately prior to the earlier of such

change and the first public announcement of such change cease to constitute a majority of the Board at any time within sixty days of such change; and for the purposes of the Plan, a person or group of persons holding shares or other securities in excess of the number which, directly or following conversion thereof, would entitle the holders thereof to cast 50% or more of the votes attaching to all shares of the Corporation which, directly or following conversion of the convertible securities forming part of the holdings of the person or group of persons noted above, may be cast to elect directors of the Corporation shall be deemed, other than a person holding such shares or other securities in the ordinary course of business as an investment manager who is not using such holding to exercise effective control, to be in a position to exercise effective control of the Corporation;

- (iii) the winding up or liquidation of the Corporation or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of the Corporation to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the Corporation is continued and where the shareholdings or other securityholdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a "Change of Control" if Subsection 2(e)(ii) above was applicable to the transaction);
- (f) "**Common Shares**" means the common shares of the Corporation or, in the event of an adjustment contemplated by Section 8 hereof, such other Common Shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (g) "**Corporation**" means Canyon Services Group Inc., and includes any successor corporation thereof;
- (h) "**Exchange**" means the Toronto Stock Exchange or, if the Common Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;
- (i) "**Exercise Price**" means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted in accordance with Sections 5 and 8 hereof;
- (j) "**Good Reason**" means any materially adverse change by the Corporation without the agreement of a Participant, in any of the Participant's duties, powers, rights, salary, title or lines of reporting, such that immediately after such change or series of changes, the responsibilities and status of such Participant, taken as a whole, are fundamentally diminished compared to those assigned to the Participant immediately prior to such change or series of changes, or any other reason that would be considered to amount to constructive dismissal by a court of competent jurisdiction in Alberta;
- (k) "**Insider**" means:
 - (i) an "insider", as defined in the *Securities Act* (Alberta) of the Corporation; and
 - (ii) an associate or affiliate (as defined in the *Securities Act* (Alberta)) of any person who is an insider by virtue of (i) above;
- (l) "**Market Price**" per Common Share at any date shall be the volume weighted average trading price of the Common Shares on the Exchange for the 5 trading days prior to the date of grant (or, if the Common Shares are not then listed and posted for trading on the Exchange, such price as required by such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that the Common Shares are not listed

and posted for trading on any stock exchange in Canada, the Market Price shall be determined by the Board in its sole discretion;

- (m) "**Option**" means an option to purchase Common Shares granted by the Board to certain directors, officers, key employees or consultants (or entities controlled thereby) of the Corporation or a Subsidiary, subject to the provisions contained herein;
- (n) "**Participants**" means certain directors, officers, key employees or consultants (or entities controlled thereby) of the Corporation or a Subsidiary to whom Options are granted and which Options or a portion thereof remain unexercised;
- (o) "**Permanent Disability**" means in respect of any Participant, any permanent disability as defined in the Corporation's (or Subsidiary, as applicable) long term disability policies or plans which are applicable to such Participant at the relevant time;
- (p) "**Plan**" means the stock option plan of the Corporation, as the same may be amended or varied from time to time;
- (q) "**Security Based Compensation Arrangement**" for the purposes of the Plan means any option, share option plan, share incentive plan, employee share purchase plan where the Corporation provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Corporation's treasury, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury;
- (r) "**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (s) "**Termination Date**" means (i) for a Participant who is an employee or consultant, the date that is the last day of the active performance by a Participant of the usual and customary day-to-day duties of the Participant's employment or consulting position, without regard to any contractual, common law or other notice period that might apply to such termination or resignation and without regard to whether any or any adequate or proper advance notice of termination or resignation shall have been provided in respect of such Participant (for greater certainty, in the event that a Participant is on maternity or parental leave or any other leave of absence provided for in the policies, plans or regulations of the Corporation or that is otherwise specifically approved by the Corporation, such Participant shall not be deemed to have ceased to be an employee or consultant, as applicable); and (ii) for a Participant who is a director, the date that such Participant ceases to hold office as a director; and
- (t) "**Vesting Date**" means the date after which respective Options granted pursuant to the Plan may be exercised as more particularly set forth in Section 6 hereof. Notwithstanding anything else contained herein or in agreements subject to the Plan, if there occurs a Change of Control, each of the respective Vesting Dates of the Options granted pursuant to the Plan shall be deemed to be amended to be the date upon (or immediately prior to) the completion of the transaction resulting in the Change of Control if: (a) the required steps, as determined by the Board in its discretion, are not being taken in connection with such Change of Control to cause the conversion or exchange or replacement of any outstanding Options into or for rights or other securities of substantially equivalent value (or greater value), as determined by the Board in its discretion, in any entity participating in or resulting from a Change of Control; or (b) the Corporation has entered into an agreement relating to a transaction which, if completed, would result in a Change of Control and the counterparty or counterparties to such agreement require that all outstanding Options will be either (i) exercised immediately before the effective time of such transaction, or (ii) terminated on or after the effective time of such transaction.

3. Administration of the Plan

- (a) Subject to Paragraph 4(b), the Plan shall be administered by the Board. The Corporation shall effect the grant of Options under the Plan, in accordance with determinations made by the Board pursuant to the provisions of the Plan as to:
- (i) the directors, officers, key employees and consultants of the Corporation and any Subsidiaries to whom Options will be granted; and
 - (ii) the number of Common Shares which shall be the subject of each Option;
- by the execution and delivery of instruments in writing in form approved by the Board.
- (b) The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board.

4. Granting of Options

- (a) The Board from time to time may grant Options to certain directors, officers, key employees and consultants of the Corporation and its Subsidiaries. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time.
- (b) Each Option will give the Participant the right to receive, on or after the Vesting Date for such Option upon exercise, pursuant to the provisions of the Plan and in accordance with the terms of the Option Agreement (as defined herein) relating to such Option, one Common Share for payment in full of the Exercise Price for such Option to the Corporation, less required withholdings in accordance with the Plan, by such Participant.
- (c) Each Option granted under the Plan shall be evidenced by an agreement evidencing such grant (an "**Option Agreement**"), in such form or forms as the Board shall approve from time to time, which shall set forth such terms and conditions consistent with the terms of the Plan as the Board may determine. Each Option Agreement shall set forth, at a minimum, the number of Options subject to such Option Agreement, the applicable Vesting Date for each Option, the applicable Exercise Price for each Option and may specify such other terms and conditions consistent with the terms of the Plan as the Board shall determine or as shall be required under any other provision of the Plan. The Board may include in an Option Agreement terms or conditions pertaining to confidentiality of information relating to the Corporation's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting Date or exercise of an Option.
- (d) The aggregate number of Common Shares that may be issued pursuant to the exercise of Options awarded under the Plan, together with all other Security Based Compensation Arrangements, is 10% of the issued and outstanding Common Shares from time to time, subject to the following additional limitations:
- (i) the number of Common Shares reserved for issuance at any time, pursuant to the Plan and under any other Security Based Compensation Arrangement, to Insiders shall not exceed 10% of the outstanding Common Shares and the number of Common Shares issued within one year, pursuant to the Plan and under any other Security Based Compensation Arrangement, to Insiders shall not exceed 10% of the outstanding Common Shares; and

- (ii) the aggregate number of Common Shares that may be reserved for issuance pursuant to the Plan and under any other Security Based Compensation Arrangement awarded to Non-Management Directors under the Plan shall not exceed 1% of the Common Shares outstanding from time to time and the aggregate value of Options and other securities under any other Security Based Compensation Arrangement granted to any one Non-Management Director in any one year period shall not exceed \$100,000.
- (e) The Exercise Price shall be fixed by the Board but under no circumstances shall any Exercise Price at the time of the grant be lower than the Market Price per Common Share or such other minimum price as may be required by any stock exchange on which the Common Shares are listed at the time of grant. Notwithstanding the foregoing, in certain circumstances, such as when an option is offered to an individual as an inducement to secure employment, the Exercise Price may be otherwise determined, but only with the prior consent of all stock exchanges on which the Common Shares are at that time listed.
- (f) Subject to paragraph 5(c), the term of Options granted shall be determined by the Board in its discretion, to a maximum of 10 years from the date of the grant of the Option. The vesting period or periods within this period during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board or a committee of the Board.
- (g) Should the expiry date of an Option fall within a Black Out Period or within nine Business Days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiry date for such Option for all purposes under the Plan. Notwithstanding Section 10 below, the ten Business Day period referred to in this paragraph may not be extended by the Board.
- (h) The Common Shares in respect of which Options are not exercised shall be available for subsequent Options. No fractional Common Shares may be purchased or issued hereunder.

5. Vesting

The Board may, in its sole discretion, determine the Vesting Date of the Options to be granted hereunder and the method of vesting, acceleration of vesting (including, without limitation, in the case of a takeover bid or other change of control), or that no vesting restriction shall exist.

6. Exercise of Options

Subject to the Plan, a Participant (or his or her legal personal representative) may exercise from time to time by delivery to the President of the Corporation, at its head office in Calgary, Alberta, of a notice of exercise ("**Exercise Notice**") specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Common Shares then being purchased. Upon exercise of the Option, the Corporation will cause to be delivered to the Participant such Common Shares in the name of the Participant or the Participant's legal personal representative or otherwise as the Participant may or they may in writing direct, and such Common Shares may be evidenced by a notice of Common Shares being registered as uncertificated book-based securities or by a share certificate representing such Common Shares.

7. Adjustments in Common Shares

- (a) Appropriate adjustments in the number of Common Shares subject to the Plan and, as regards Options granted or to be granted, in the number of Common Shares optioned and in the Exercise Price, shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or

other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.

- (b) Options granted to Participants hereunder are non-assignable, except in the case of the death of a Participant (which is provided for in Article 10), and are exercisable only by the Participant to whom the Option has been granted.

8. Decisions of the Board

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants (and entities controlled thereby) eligible under the provisions of the Plan to participate therein.

9. Termination of Employment/Death or Permanent Disability

- (a) Subject to Paragraph 9(b) and to any express resolution passed by the Board, an Option (including a vested Option) and any right to acquire Common Shares pursuant thereto shall terminate and may not be exercised or redeemed after the earliest of:
 - (i) the close of business on the date which is 10 days after the Termination Date, in the event that a Participant who is an employee is terminated by the Corporation for Cause, or in the event that a Participant who is a consultant is terminated by the Corporation due to a material breach of the consulting relationship by the Participant, provided that in either such event any Options which have not vested on or before the Termination Date will immediately expire on the Termination Date;
 - (ii) the close of business on the date which is 30 days after the Termination Date, in the event that a Participant who is an employee is terminated by the Corporation other than for Cause (including due to a Permanent Disability), or in the event that a Participant who is a consultant is terminated by the Corporation other than due to a material breach of the consulting relationship by the Participant, or in the event that the employment or consulting relationship, as applicable, is terminated voluntarily by the Participant for any reason, or in the event of the death of the Participant; and
 - (iii) the expiry of an Option in accordance with the terms thereof.
- (b) The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any Subsidiary, nor does it interfere or affect in any way the right of the Participant, the Corporation or the Subsidiary to terminate the Participant's employment or other relationships with the Corporation or any Subsidiary at any time.
- (c) Options shall not be affected by any change of status of the Participant where the Participant continues to be at least one of a director, officer, key employee or consultant of the Corporation or a Subsidiary of the Corporation.
- (d) If a Participant has an Option on the Termination Date with an expiry date that falls within a Black Out Period that was in effect at the Termination Date or within nine Business Days following the expiration of a Black Out Period that was in effect at the Termination Date, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiry date for such Option for all purposes under the Plan. Notwithstanding Section 10 below, the ten Business Day period referred to in this Paragraph may not be extended by the Board.

- (e) Notwithstanding anything contained herein, in the event of any Change of Control prior to the expiry date of any outstanding Option: (i) a Participant is terminated without Cause in direct connection with such Change of Control, or is terminated without Cause within six (6) months immediately following the effective time of such Change of Control, all Options held by the Participant shall vest on the Termination Date, and if the Termination Date is prior to, or at, the effective time of such Change of Control, the Participant shall be entitled to exercise all Options held by the Participant until immediately prior to the effective time of such Change of Control (or such other time as may be designated by the Board), or if the Termination Date is after the effective time of such Change of Control, the Participant shall be entitled to exercise all Options held by such Participant until the date that is 90 days after the Termination Date. All Options which have not been exercised prior to the required dates as set out above in this paragraph 9(e) shall become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Participant; or (ii) within six (6) months immediately following the effective time of such Change of Control, the Participant terminates the employment or consulting relationship for an event or events which constitute Good Reason, all Options held by the Participant shall vest on the Termination Date and the Participant shall be entitled to exercise all Options held by such Participant until the date that is 90 days after the Termination Date, provided that after such date all Options which have not been exercised shall become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Participant.

10. Amendment or Discontinuance of Plan

- (a) Subject to Subsections 10(b) and (c), the Board may, at any time and from time to time, without the approval of the holders of Common Shares or any other voting securities of the Corporation, suspend, discontinue or amend the Plan or an Option made thereunder.
- (b) Notwithstanding Subsection 10(a), the Board may not, without the approval of the holders of Common Shares to be received in such manner as may be required by the policies of the Exchange, amend the Plan or an Option to:
- (i) extend the expiry date of any outstanding Options granted under the Plan (subject to such date being extended by virtue of a Black Out Period as outlined in the Plan);
 - (ii) increase the percentage of the issued and outstanding Common Shares that are available to be issued pursuant to granted and outstanding Options and any other Security Based Compensation Arrangements at any time pursuant to Subsection 4(d);
 - (iii) increase the number of Common Shares that may be issued to Insiders of the Corporation above the restrictions contained in Subsection 4(d)(i);
 - (iv) increase the number of Common Shares reserved for issuance or permitted to be issued or granted to Non-Management Directors pursuant to Subsection 4(d)(ii);
 - (v) make any reduction in the Exercise Price of an Option or permit a reduction in the Exercise Price of an Option by the cancellation and immediate re-issue of Options or other entitlements;
 - (vi) permit the transfer or assignment of Options, except in the case of death of a Participant; or
 - (vii) make any amendments to this Section 10.
- (c) Notwithstanding Subsection 10(a), unless a holder of Options otherwise agrees, the Board may not suspend, discontinue or amend the Plan or amend any outstanding Option in a manner that would adversely alter or impair any Option previously granted to the Participant under the Plan, and any

such suspension, discontinuance or amendment of the Plan or amendment to an Option shall apply only in respect of Options granted on or after the date of such suspension, discontinuance or amendment. No suspension, discontinuance or amendment of the Plan or amendment of an Option may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan, the Option Unit or the Corporation is now or may hereafter be subject.

11. Withholding Tax

Upon the exercise of an Option, the Corporation shall have the right to require the Participant or such other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements and other required source deductions relating thereto. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the withholding tax (and other required source deductions) obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Participant of a cash payment to the Corporation in an amount not less than the total withholding tax (and other required source deductions) obligation; or
- (b) the withholding by the Corporation from the Common Shares otherwise due to the Participant such number of Common Shares as it determines are required to be sold by, or on behalf of, the Corporation, as trustee, to satisfy the total withholding tax obligation (net of selling costs which shall be paid by the Participant). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; or
- (c) the withholding by the Corporation or its applicable subsidiary, as the case may be, from any cash payment otherwise due to the Participant (whether arising pursuant to the Participant's relationship as an officer or employee of the Corporation or as a result of the Participant providing services to the Corporation or otherwise) such amount of cash as is not less than the amount of the total withholding tax obligation;

provided, however, that the sum of any cash so paid or withheld and the net proceed of the sale of any Common Shares so withheld is sufficient to satisfy the total withholding tax obligation. Any reference in the Plan to the issuance of Common Shares upon exercise of an Option is expressly subject to this Section 11.

Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Option granted under the Plan. The Board and the Corporation make no guarantees to any person regarding the tax treatment of the granting, holding or exercising of an Option and none of the Corporation, nor any of its employees or representatives shall have any liability to a Participant (or its beneficiaries) with respect thereto.

12. Regulatory Approvals

The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

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

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

13. Participants' Rights

A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

14. Effective Time of Grant

A grant of Options is effective as of 12:01 a.m. on the date of grant.

15. Exchange Approvals

The Plan shall be subject to acceptance by the Exchange. In addition, any material amendments to the Plan are subject to the prior approval of the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

MADE effective February 26, 2009, and approved by the shareholders of the Corporation on March 31, 2009, as amended and approved by the Board of Directors of the Corporation on April 14, 2016 and effective on approval by the shareholders of the Corporation on May 18, 2016.

