



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON

August 11, 2020

MANAGEMENT INFORMATION CIRCULAR

July 7, 2020



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares ("**Common Shares**") of STAMPEDE DRILLING INC. (the "**Corporation**") will be held at the offices of Burnet, Duckworth & Palmer LLP located at 2400, 525 8th Avenue S.W., Calgary, Alberta T2P 1G1 on August 11, 2020 at 10:00 a.m. (Calgary time) for the following purposes:

1. to receive the financial statements of the Corporation for the financial year ended December 31, 2019 together with the auditors' report thereon;
2. to fix the number of directors to be elected at the meeting at six (6);
3. to elect directors of the Corporation;
4. to appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Calgary, Alberta, as auditors of the Corporation and to authorize the directors to fix the remuneration of the auditors;
5. to consider and, if thought advisable, to pass an ordinary resolution approving the Corporation's incentive stock option plan (the "**Option Plan**"), which provides that the maximum number of Common Shares that may be reserved for issuance under the Option Plan from time to time shall not exceed 10% of the aggregate number of Common Shares issued and outstanding from time to time;
6. to consider and, if thought advisable, confirm and approve, the amended and restated By-law no. 1 of the Corporation; and
7. to transact such further or other business as may properly come before the Meeting or any adjournments thereof.

The specific details of the matters the Corporation intends to put before Shareholders at the Meeting are contained in the accompanying management information circular dated July 7, 2020 (the "**Circular**"). Shareholders are directed to read the Circular carefully in evaluating the matters for consideration at the Meeting.

The Corporation currently intends to hold the Meeting in person. However, in view of the current and rapidly evolving COVID-19 pandemic, the Corporation asks that, in considering whether to attend the Meeting in person, Shareholders consider the advice of the Public Health Agency of Canada (PHAC) (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca). Access to the Meeting may be limited to essential personnel and registered Shareholders and proxyholders entitled to attend and vote at the Meeting. Depending upon the status of the outbreak at the time, the Corporation encourages Shareholders and proxyholders not to attend the meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms. As always, the Corporation encourages Shareholders to vote their Common Shares prior to the Meeting following the instructions set out in the form of proxy or voting instruction form received by such Shareholders.

The Corporation may take additional precautionary measures in relation to the Meeting in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Meeting in person, the Corporation will announce alternative arrangements for the Meeting as promptly as

practicable, which may include holding the Meeting entirely by electronic means, telephone or other communication facilities.

All Shareholders of record as of July 7, 2020, are entitled to vote their Common Shares at the Meeting, or at any adjournment thereof, either in person or by proxy.

SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO COMPLETE, SIGN AND DATE THE ACCOMPANYING FORM OF PROXY IN ACCORDANCE WITH THE INSTRUCTIONS PROVIDED THEREIN AND IN THE CIRCULAR AND RETURN IT IN THE ENVELOPE PROVIDED FOR THAT PURPOSE.

Registered Shareholders are requested to deposit their duly executed form of proxy with the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, by mail at 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario M5J 2Y1 Attn: Proxy Department, by fax to 1-866-249-7775 or by voting online in accordance with the instructions on the form of proxy no later than 10:00 a.m. (Calgary time) on August 7, 2020 or not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof at which the proxy is to be used, or deliver it to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, prior to the time of voting.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a company, by an officer or duly authorized attorney thereof.

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY ARE DIRECTORS AND/OR OFFICERS OF THE CORPORATION. EACH SHAREHOLDER HAS THE RIGHT TO APPOINT A PROXYHOLDER OTHER THAN SUCH PERSONS, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND TO ACT FOR SUCH SHAREHOLDER AND ON SUCH SHAREHOLDER'S BEHALF AT THE MEETING. TO EXERCISE SUCH RIGHT, THE NAME OF THE SHAREHOLDER'S APPOINTEE SHOULD BE LEGIBLY PRINTED IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY.

DATED July 7, 2020.

By Order of the Board of Directors

"Lyle Whitmarsh"

Lyle Whitmarsh
President and Chief Executive Officer

STAMPEDE DRILLING INC.

MANAGEMENT INFORMATION CIRCULAR

This management information circular (this "Circular") is furnished in connection with the solicitation of proxies by management of Stampede Drilling Inc. (the "Corporation") for use at the annual and special meeting of holders (the "Shareholders") of common shares ("Common Shares") of the Corporation (the "Meeting") to be held at the offices of Burnet, Duckworth & Palmer LLP located at 2400, 525 8th Avenue S.W., Calgary, Alberta on Tuesday, August 7, 2020 at 10:00 a.m. (Calgary time) for the purposes set forth in the accompanying notice of the Meeting (the "Notice of Meeting"). References in this Circular to the Meeting include any adjournment thereof. It is expected that the solicitation of proxies will be primarily by mail; however, proxies may also be solicited personally by employees of the Corporation by other means, including telephone and electronic means, at nominal cost. The cost of solicitation by management will be borne by the Corporation. The information contained herein is given as of July 7, 2020, unless indicated otherwise.

The Corporation currently intends to hold the Meeting in person. However, in view of the current and rapidly evolving COVID-19 pandemic, the Corporation asks that, in considering whether to attend the Meeting in person, Shareholders consider the advice of the Public Health Agency of Canada (PHAC) (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca). Access to the Meeting may be limited to essential personnel and registered Shareholders and proxyholders entitled to attend and vote at the Meeting. Depending upon the status of the outbreak at the time, the Corporation encourages Shareholders and proxyholders not to attend the meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms. As always, the Corporation encourages Shareholders to vote their Common Shares prior to the Meeting following the instructions set out in the form of proxy or voting instruction form received by such Shareholders.

The Corporation may take additional precautionary measures in relation to the Meeting in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Meeting in person, the Corporation will announce alternative arrangements for the Meeting as promptly as practicable, which may include holding the Meeting entirely by electronic means, telephone or other communication facilities.

The Corporation may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of Common Shares (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the "Meeting Materials") to the beneficial owners of such Common Shares. The Corporation will provide, without cost to such persons, upon request to the Corporate Secretary of the Corporation, additional copies of the Meeting Materials required for this purpose.

Advice 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 Shareholders do not hold Common Shares in their own name. Shareholders who do not hold Common Shares in their own name (each, a "Beneficial Shareholder") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares as at the Record Date (as defined herein) 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 in the records of the Corporation. Such Common Shares will more likely be registered either: (i) in the name of a nominee such as an intermediary (an "Intermediary") with whom the Beneficial Shareholder deals in respect of the Common Shares (an Intermediary includes, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc., a subsidiary of The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation will have distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for onward distribution to Beneficial Shareholders. Common Shares held by

Intermediaries can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for the Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedure and provides its own return instructions (the "**Voting Instruction Form**") to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the Voting Instruction Form supplied to a Beneficial Shareholder by the Intermediary is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the Voting Instruction Forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the Voting Instruction Forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form with a Broadridge sticker on it cannot use that Voting Instruction Form to vote Common Shares directly at the Meeting. The Voting Instruction Form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary, a Beneficial Shareholder may attend the Meeting as proxy holder for the registered Shareholder and vote the Common Shares in that capacity. A Beneficial Shareholder who wishes to attend the Meeting and indirectly vote his, her or its Common Shares as proxy holder for the registered Shareholder, should enter his, her or its own name in the blank space on the Voting Instruction Form provided to it and return the same to its Intermediary in accordance with the Voting Instruction Form well in advance of the Meeting. If a Beneficial Shareholder has voted by mail and would like to change its vote, the Beneficial Shareholder should contact its nominee to discuss whether this is possible and what procedures the Beneficial Shareholder should follow.

In view of the current and rapidly evolving COVID-19 pandemic, the Corporation asks that, in considering whether to attend the Meeting in person, Shareholders consider the advice of the Public Health Agency of Canada (PHAC) (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca). Access to the Meeting may be limited to essential personnel and registered Shareholders and proxyholders entitled to attend and vote at the Meeting. Depending upon the status of the outbreak at the time, the Corporation encourages Shareholders and proxyholders not to attend the meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms. As always, the Corporation encourages Shareholders to vote their Common Shares prior to the Meeting following the instructions set out in the form of proxy or voting instruction form received by such Shareholders.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation and will represent management of the Corporation at the Meeting. **A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent him, her or it at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed form of proxy at the office of the Corporation's registrar and transfer agent indicated on the enclosed envelope not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof at which the proxy is to be used. A form of proxy should be executed by a Shareholder or his or her attorney duly authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney thereof.**

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the form of proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item must

be left blank. The Common Shares represented by the form of proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the form of proxy.

A Shareholder who has given a form of proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such form of proxy and may do so:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the form of proxy executed by him, her or it with, or by transmitting by telephonic or electronic means, a revocation bearing a reliable electronic signature to:
 - (a) the Corporation at Suite 2200, Bow Valley Square IV, 250 – 6th Avenue SW, Calgary, Alberta T2P 3H7 at any time prior to the close of business on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the form of proxy is to be used; or
 - (b) the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or
3. in any other manner permitted by law.

Only a registered Shareholder of the Corporation has the right to revoke a form of proxy. A Beneficial Shareholder who wishes to change his, her or its vote must arrange for the Intermediary to revoke the Voting Instruction Form on his, her or its behalf in accordance with the instructions of such Intermediary set out in the Voting Instruction Form.

A revocation of a form of proxy does not affect any matter on which a vote has been taken prior to the revocation.

Exercise of Discretion by Proxies

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted accordingly. **In the absence of direction, the Common Shares will be voted in favour of each of the matters put before Shareholders by management of the Corporation at the Meeting. The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting (or any adjournments thereof) in such manner as such nominee in his, her or its judgment may determine.** As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

Notice-And-Access

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 and such materials will be delivered to non-objecting Beneficial Shareholders through their intermediary. The Corporation intends to pay for an intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* of National Instrument 54-101.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at the date hereof, 132,045,605 Common Shares and no preferred shares are issued and outstanding. Each Common Share entitles the holder thereof to one vote in respect of each matter to be voted upon at a meeting of Shareholders.

The Corporation has fixed July 7, 2020 as the record date (the "**Record Date**") for the purpose of determining Shareholders entitled to receive the Notice of Meeting and to vote at the Meeting. Shareholders of record at the close of business on the Record Date are entitled to such notice and to vote at the Meeting. A quorum for the transaction of business at the Meeting will be present if not less than two (2) Shareholders representing not less than 5% of the Common Shares are present in person or by proxy.

Persons who are transferees of any Common Shares acquired after the Record Date and who have produced properly endorsed certificates evidencing such ownership or who otherwise establish to the satisfaction of the Corporation ownership thereof and demand, not later than ten (10) days before the Meeting, or such other time as is acceptable to the Corporation, that their names be included in the list of Shareholders, are entitled to vote at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to all of the outstanding voting securities of the Corporation other than as set forth below.

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage of Class</u>
SaskWorks Venture Fund Inc. ⁽¹⁾⁽²⁾	20,919,174	15.84%

Notes:

- (1) Based upon information publicly available to the Corporation.
- (2) Includes 1,581,451 Common Shares held by Apex 1 Investment Fund Limited Partnership, a private investment fund under common management control with SaskWorks Venture Fund Inc.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

Pursuant to the *Business Corporations Act* (Alberta) (the "**ABCA**"), the board of directors (the "**Board**") of the Corporation will place before Shareholders at the Meeting the audited consolidated financial statements of the Corporation for the year ended December 31, 2019 and the auditor's report thereon, accompanying this Circular. Shareholder approval is not required in relation to the audited financial statements.

Fixing the number of Directors of the Corporation

It is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles and by-laws of the Corporation, be set at six (6). There are presently six (6) directors of the Corporation, each of whom will retire from office at the Meeting. **It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR setting the number of directors to be elected at the Meeting at six (6).**

Election of Directors

At the Meeting, Shareholders will be asked to elect six (6) directors to the Board to hold office until the next annual general meeting or until their successors are elected or appointed. **It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the election of each of the director nominees (each, a "Nominee") whose names are set forth below.** Each Nominee elected will hold office until the close of business of the next annual meeting of Shareholders following their election unless their office is earlier vacated in accordance with the Corporation's by-laws and the ABCA.

The enclosed form of proxy permits Shareholders to vote individually "**FOR**" or to "**WITHHOLD**" their vote in respect of each Nominee. The following table and notes thereto provide the names and province and country of residence of the each Nominee, all positions and offices in the Corporation held by each of them, the principal

occupation or employment of each Nominee for the previous five (5) years, the year in which each was first elected or appointed a director of the Corporation and the number of Common Shares that each such Nominee beneficially owns, controls or directs, directly or indirectly. The information as to Common Shares beneficially owned, controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the Nominees as of July 7, 2020.

Name, Residence and Position with the Corporation	Present Principal Occupation, Business or Employment for the Previous Five Years	Date Since Served as a Director	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Thane Russell Alberta, Canada Chairman ⁽¹⁾⁽²⁾	President of Absolute Energy Limited, a private engineering, design and manufacturing company, since April 2017; prior thereto, Vice President, Business Development and Technology of Absolute Completion Technologies Ltd. since 2002	June 16, 2015	1,335,600
Lyle Whitmarsh Alberta, Canada Director, President and Chief Executive Officer ⁽³⁾	President and Chief Executive Officer of the Corporation since January 23, 2018; prior thereto, President of the Rig Division of the Corporation from August 15, 2017 to January 23, 2018; prior thereto, President of Savanna Energy Services Corp. from June 2017 until August 2017; prior thereto, Chief Executive Officer of Trinidad Drilling Ltd. from 2008 until March 2017	January 23, 2018	3,473,500
Elson McDougald Alberta, Canada Director ⁽³⁾	Independent businessman since August 2015; prior thereto, Executive Chairman of CanElson Drilling Inc. from December 2010 to August 2015	August 15, 2017	3,624,000
Rodger Hawkins Alberta, Canada Director ⁽¹⁾⁽³⁾	Independent business advisor since January 2007	September 15, 2011	344,000
Terrance J. Owen Alberta, Canada Director ⁽²⁾	Chairman and Chief Executive Officer of Hammerstone Corporation, a private aggregate material supply company which is part of the Brookfield Asset Management group of companies, since February 2009	September 15, 2011	500,000
Matthew Andrade, CFA Alberta, Canada Director ⁽¹⁾⁽²⁾	Managing Director, Public Investments for The Werklund Family Office, a private single family office, since November 2013; prior thereto, Chief Investment Officer of Canadian Family Futures Inc. from September 2012 to November 2013	December 19, 2014	96,767

Notes:

- (1) Member of the Audit Committee. Rodger Hawkins is the Chair of the Audit Committee.
- (2) Member of the Governance and Compensation Committee. Matthew Andrade is the Chair of the Governance and Compensation Committee.

- (3) Member of the Health, Safety and Environment Committee. Elson J. McDougald is the Chair of the Health, Safety and Environment Committee.

Advance Notice By-law

The Corporation has adopted an advance notice by-law regarding advance notice of nominations of directors of the Corporation (the "**Advance Notice By-law**"). The Advance Notice By-law provides that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board are made by Shareholders other than pursuant to: (a) a "proposal" made in accordance with the ABCA; or (b) a requisition of a meeting made pursuant to the ABCA.

The Advance Notice By-law fixes a deadline by which Shareholders must submit director nominations to the Corporate Secretary of the Corporation prior to any annual or special meeting of Shareholders and outlines the specific information that a nominating Shareholder must include in the written notice to the Corporate Secretary of the Corporation for an effective nomination to occur. No person nominated by a Shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-law.

In the case of an annual meeting of Shareholders, notice to the Corporate Secretary of the Corporation must be made not less than 30 days and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting 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 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive any requirement of the Advance Notice By-law.

A copy of the Advance Notice By-law is available on SEDAR at www.sedar.com.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, no Nominee is as at the date hereof, or has been, within ten (10) years of the date hereof, a director or chief executive officer or chief financial officer (or any executive officer, for the purpose of subsection (iii)) of any company, including the Corporation, that: (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an "**order**"); (ii) after that person ceased to act in that capacity, was the subject of an order that resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer; or (iii) is or has, within ten (10) years before the date of this Circular become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, while that person was acting in that capacity or within a year of that person ceasing to act in that position.

Elson J. McDougald was a director of CCR Technologies Ltd. ("**CCR**") (a company formerly listed on the Toronto Stock Exchange) from May 1995 until March 1, 2011. On December 1, 2010, CCR filed a proposal with the Court of Queen's Bench of Alberta pursuant to the provisions of the *Bankruptcy and Insolvency Act* to restructure and reorganize the financial affairs of CCR, to compromise the claims of the unsecured creditors, restructure the shares of CCR and to allow it to conduct a restructuring and "rightsizing" of its operations on a going concern basis. The proposal was approved by the unsecured creditors on December 22, 2010 and by the Court of Queen's Bench of Alberta on January 13, 2011. The Alberta Securities Commission issued a variation order dated February 14, 2011 to partially revoke its cease trade order to permit the implementation of the proposal, which was subsequently implemented.

Rodger Hawkins was a director of Strategic Oil & Gas Ltd. ("**Strategic**") (a company listed on the TSX Venture Exchange) from 2013 until March 22, 2019. On April 10, 2019, Strategic announced that it, along with its wholly

owned subsidiary, Strategic Transmission Ltd., had obtained credit protection under the *Companies' Creditors Arrangement Act* pursuant to an order granted by the Court of Queen's Bench of Alberta on the same date.

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

Penalties or Sanctions

No Nominee has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a Nominee.

Appointment of Auditors

It is proposed that PricewaterhouseCoopers LLP, the auditors of the Corporation since inception on January 7, 2011, be appointed as auditors of the Corporation at the Meeting. In order to be passed, the resolution must be approved by a simple majority of the votes cast by Shareholders who vote in respect of such resolution, in person or by proxy, at the Meeting. **It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation to hold office until the next annual meeting of Shareholders, at a remuneration to be fixed by the directors.**

Approval of Option Plan

The Corporation has a rolling incentive stock option plan (the "**Option Plan**") which provides that a maximum percentage of 10% of the issued and outstanding Common Shares may be reserved for the issuance of stock options (the "**Options**"). Pursuant to the policies of the TSX Venture Exchange (the "**TSXV**"), a rolling stock option plan, such as the Option Plan, requires shareholder approval annually. The Option Plan was previously approved by Shareholders at the annual and special meeting of Shareholders held on May 24, 2019.

For a description of the other terms of the Option Plan, see "*Statement of Executive Compensation – Compensation Discussion & Analysis – Components of Compensation – Options and ESOP*" and "*Statement of Executive Compensation – Incentive Plan Awards – Option Plan*". The Option Plan is attached as Schedule B to this Circular.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the approval of the Option Plan. In order to be passed, the resolution must be approved by a simple majority of the votes cast by Shareholders who vote in respect of such resolution, in person or by proxy, at the Meeting.

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass the following ordinary resolution to approve the Option Plan:

"BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (1) the stock option plan of Stampede Drilling Inc. (the "**Corporation**"), in the form attached as Schedule B to the management information circular of the Corporation dated July 7, 2020, is hereby authorized and approved; and
- (2) any one director or officer of the Corporation is hereby authorized and directed to execute and deliver all such deeds, documents, instruments

and assurances and to do all such acts and things as such person may deem necessary or desirable to give effect to the foregoing."

Approval of Amendments to By-law no. 1 of the Corporation

Background

On July 3, 2020, the Board adopted certain amendments to the Corporation's By-law no. 1 in the form of the amended and restated By-law no. 1 attached to this Circular as Schedule C (the "**Amended By-law**") to allow for the Corporation to hold shareholder meetings, including if necessary, the Meeting in a virtual only format in accordance with the provisions of the ABCA. The amendments provide, among other things, that: (i) subject to the ABCA and the consent of the directors, meetings of Shareholders may be held entirely by electronic means and that the directors may establish procedures regarding the holding of meetings of Shareholders by such means (see section 10.12 of the Amended By-law attached as Schedule C to this Circular); and (ii) any vote of Shareholders at a meeting of Shareholders may be held, in accordance with the ABCA, partially or entirely by electronic means (see section 10.20 of the Amended By-law attached as Schedule C to this Circular). This summary of the amendments to the Amended By-law is qualified in its entirety by the full text of the Amended By-law attached as Schedule C to this Circular.

Approval Requirements

The Amended By-law must be approved by a simple majority (50%) of the votes cast by Shareholders present or represented by proxy at the Meeting.

Approval of the Amended By-law by Shareholders

The Amended By-law is in effect until it is confirmed, confirmed as amended or rejected by Shareholders at the Meeting. If confirmed, the Amended By-law will continue in effect. Accordingly, Shareholders are being asked to confirm the Amended By-law at the Meeting so that the Amended By-law can continue in effect.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the approval of the Amended By-law. In order to be passed, the resolution must be approved by a simple majority of the votes cast by Shareholders who vote in respect of such resolution, in person or by proxy, at the Meeting.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution to approve the Amended By-law (the "**Amended By-law Resolution**"):

"BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (1) the amendments to By-law no. 1 of the Corporation, in the form adopted by the board of directors of the Corporation on July 3, 2020 and included in the amended and restated By-law no. 1 of the Corporation attached as Schedule C to the management information circular of the Corporation dated July 7, 2020, be and it hereby is confirmed and approved;
- (2) any director or officer of the Corporation is hereby authorized to execute and deliver and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the foregoing resolution; and
- (3) notwithstanding that this resolution has been passed by the shareholders of the Corporation, the adoption of the proposed amended and restated By-law no. 1 of the Corporation is conditional upon receipt

of final approval from the TSX Venture Exchange and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

General

Management knows of no other matters to come before the Meeting other than the matters referred to in the notice of the Meeting. **HOWEVER, IF ANY OTHER MATTERS WHICH ARE NOT NOW KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING THE PROXY.**

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The purpose of this Compensation Discussion and Analysis (the "**CD&A**") is to provide information about the Corporation's philosophy, objectives and processes regarding executive compensation. This disclosure is intended to communicate the compensation provided to the Corporation's President and Chief Executive Officer (the "**CEO**"), the Chief Financial Officer (the "**CFO**") and Corporate Secretary, the other most highly compensated executive officer of the Corporation (other than the President and CEO and the CFO and Corporate Secretary) whose individual total compensation was more than \$150,000 for any financial year (collectively the "**Named Executive Officers**" or "**NEOs**") and the directors of the Corporation. As at December 31, 2019, the Corporation's NEOs consisted of: (i) Lyle Whitmarsh – President and CEO; (ii) Jeff Schab – CFO and Corporate Secretary; and (iii) Terry Kuiper – Chief Operating Officer, Canada ("**COO**").

Governance and Compensation Committee

In order to assist the Board in fulfilling its oversight responsibilities regarding human resource and compensation matters, the Board has established the Governance and Compensation Committee, whose mandate includes the review and setting of executive officer compensation. The Governance and Compensation Committee is currently comprised of three directors, Matthew Andrade, Terrance J. Owen and Thane Russell, all of whom are independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Mr. Andrade is the current Chair of the Governance and Compensation Committee.

The Board recognizes the importance of appointing knowledgeable and experienced individuals to the Governance and Compensation Committee and, in particular, those who have the necessary background in executive officer compensation and risk management in order to fulfill the Governance and Compensation Committee's obligations to the Board. All current members of the Governance and Compensation Committee bring strong business and industry knowledge to the committee and have gained experience in human resources and compensation matters by serving in senior leadership roles and/or as directors of other private and public companies.

The purpose of the Governance and Compensation Committee is to: (i) assist the Board in the discharge of its duties to ensure compliance with the Code of Business Conduct and Ethics (the "**Code**") and other governance policies of the Corporation; (ii) recommend, review and approve corporate goals and objectives relevant to CEO and director performance and evaluate performance to determine compensation; (iii) make recommendations to the Board regarding compensation including incentive and equity-based compensation plans; and (iv) review director and executive officer compensation disclosure prior to its public disclosure. Without limiting the generality of the foregoing, the Governance and Compensation Committee has the following duties:

Compensation

Officer Compensation

- (a) review and recommend for approval annual compensation and benefit packages in respect of the senior officers of the Corporation;
- (b) review and recommend for approval any and all bonuses to the senior officers of the Corporation;
- (c) review and recommend for approval any written employment agreements in respect of the senior officers of the Corporation;
- (d) review and recommend for approval any corporate performance measures (targets) used to calculate awards under any compensation plan in respect of the senior officers of the Corporation;

Equity Incentive Plans

- (a) review and recommend for approval the terms of equity incentive plans for employees and directors and any amendments thereto;
- (b) review and recommend for approval the form of agreements in respect of the grant of any equity incentive plan entitlements to senior officers, employees and directors;
- (c) review and recommend for approval annual and other periodic awards from time to time under the equity incentive plans for senior officers, directors and employees;

Director Compensation

- (a) from time to time, review and make recommendations as to the adequacy and form of directors' compensation provided by the Corporation to ensure it reflects the responsibilities and risks of membership on the Board and participation on committees of the Board;

Performance Assessment

- (a) ensure objectives are in place against which performance of the senior officers of the Corporation can be measured and assessed;
- (b) in conjunction with the Chairman of the Board review annually with the President and Chief Executive Officer of the Corporation, the performance of the President and Chief Executive Officer;
- (c) review annually with the President and Chief Executive Officer of the Corporation, the performance of the other senior officers of the Corporation;

Compensation Disclosure

- (a) review and recommend for approval disclosure provided in publicly circulated documents, including the Corporation's annual proxy circular, in respect of compensation of the senior officers and directors of the Corporation and its subsidiaries;

Human Resources

- (a) ensure the Corporation has in place programs to train and develop its staff and provide for the orderly succession of management and the Board;
- (b) review and make recommendations to the Board on issues that arise in relation to any compensation matters as required;

Corporate Governance

- (a) annually, review the Board's operating guidelines and their fulfillment;

- (b) review and make recommendations in respect of reports prepared by management required or recommended on corporate governance issues (e.g. public reports to meet regulatory guidelines);
- (c) receive and review management reports on corporate governance developments relevant to the Corporation;
- (d) review security holder proposals received by the Corporation and as required, assess the merits of such proposals and develop and recommend the Board's and/or Corporation's response;
- (e) annually, review the frequency and timing of Board and committee meetings and the quality, timeliness and sufficiency of information provided to the Board by management;
- (f) at least annually, appraise the standards of corporate governance of the Corporation in comparison to the "best practices" of peer issuers and make recommendations with respect to the further development of the standards of the Corporation in such respect;
- (g) consider and, if deemed appropriate, approve any proposals by any one or more of the members of the Board to engage outside advisors on behalf of:
 - (i) the Board, as a whole;
 - (ii) any committee of the Board;
 - (iii) the independent directors as a group; or
 - (iv) any single director;
- (h) as required, review concerns of individual directors about matters that are not readily or easily discussed at full Board meetings, thereby ensuring the Board can operate independently of management and effectively as a group;

Constitution of the Board and Nominations to the Board

- (a) assess, establish and develop a process for identifying, recruiting, appointing, re-appointing and providing ongoing development of members of the Board;
- (b) annually, assess the size, structure and composition of the Board taking into consideration the current strengths, skills and experience on the Board, current time demands on directors, proposed retirements, and the requirements and strategic direction of the Corporation;
- (c) as required, develop and approve director eligibility criteria;
- (d) as required, recommend a suitable candidate for the appointment to the office of Chair of the Board;
- (e) as required, recommend suitable candidates to the Board for consideration as members of the Board;

Board Member and Chair Evaluation

- (a) annually, in conjunction with the Chair of the Board, assess individual director performance and the evaluation of the performance of the Board as a whole, including their processes and effectiveness;
- (b) annually, evaluate the performance of the Chair of the Board;
- (c) annually, evaluate the performance of the committees of the Board;

Board Education

- (a) review and provide ongoing guidance to management to ensure that an appropriate orientation and continuing education program for individual members of the Board, the Board as a whole and newly recruited members of the Board is established and maintained;
- (b) monitor changes to applicable laws, regulations, rules and industry practices in regard to corporate governance and ensure that the Board is kept informed of relevant aspects thereof;

Board Committee Mandates

- (a) annually, assess and make recommendations as to the size, structure and composition (including independence and other qualifications) of each of the committees of the Board including recommending changes to the addition or elimination of committees of the Board and as to the composition (including the Chair) thereof;
- (b) annually, review and make recommendations as to the terms of reference of the committees of the Board;
- (c) as required, recommend suitable candidates for appointment to committees of the Board;

Disclosure

- (a) periodically, review and make recommendations as to the adequacy, integrity and effectiveness of disclosure policies and procedures implemented by the Corporation to ensure timely and adequate disclosure in accordance with all applicable laws, regulations and rules;

Board and Senior Officer Risk Management

- (a) periodically, review and make recommendations as to the adequacy and appropriateness of systems and procedures for the control and minimization of director and senior officer liability having regard to applicable laws, rules and regulations and industry practice;
- (b) periodically, review and make recommendations as to the adequacy and appropriateness of insurance and indemnifications for the benefit of directors and senior officers of the Corporation;

Conflicts of Interest and Insider Trading

- (a) periodically, review and make recommendations as to policies and procedures implemented by the Corporation in respect of conflict of interest, insider trading and corporate ethics;
- (b) consider, and if deemed appropriate approve any waiver of the Code;

Officer Appointments

- (a) review and recommend for approval appointments of the senior officers of the Corporation; and
- (b) review and recommend for approval termination and severance arrangements in respect of senior officers of the Corporation.

Pursuant to the terms of reference of the Governance and Compensation Committee, meetings of the Governance and Compensation Committee take place regularly in each year on such dates and at such locations as the Chair of the Governance and Compensation Committee shall determine and may also occur at any other time or times on the call of the Chair of the Governance and Compensation Committee or any two of the other members.

Objectives

The Corporation's overall compensation philosophy is that executive officers should be compensated for performance in their position and for achievement of additional personal and corporate objectives. The main

objective of the Corporation's compensation program is to attract, motivate and retain highly qualified and competent executive officers, consistent with general sector practices, while specifically recognizing the size of the Corporation and its stage of development. In arriving at its compensation decisions, the Governance and Compensation Committee considers the long-term interest of the Corporation and its stakeholders, and its current early stage of development. Based on these considerations, compensation is designed, reviewed and adjusted using performance enhancement as the major goal. The Governance and Compensation Committee makes specific recommendations to the Board with respect to compensation paid to its executive officers.

Short Sales, Puts and Calls

Pursuant to the Corporation's Insider Trading and Reporting Policy, directors, officers and employees of the Corporation shall not knowingly sell, directly or indirectly, a security of the Corporation if they do not own or have not fully paid for the security being sold. In addition, directors, officers and employees of the Corporation shall not, directly or indirectly, buy or sell a put, call or any other derivative security in respect of the securities of the Corporation and shall not have open or standing buy or sell orders for the Corporation's securities with securities dealers or other persons.

Compensation Process

The President and CEO recommends to the Governance and Compensation Committee the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the executive officers and management. The Governance and Compensation Committee takes those recommendations into consideration when making the final decisions on compensation for those executive officers, which they then recommend to the Board for approval. Compensation regarding the President and CEO is recommended by the Governance and Compensation Committee and approved by the Board.

The Governance and Compensation Committee strives to find a balance between current and long-term compensation and cash and equity incentive compensation. The Governance and Compensation Committee believes that cash payments primarily reward recent performance and equity incentive rewards encourage ongoing results over a longer period of time and serve as a retention tool.

While the Board and the Governance and Compensation Committee have not put any formal policies in place, they do consider the implications of the risks associated with the Corporation's compensation policies and practices. The Corporation employs a compensation model which ensures that an adequate portion of overall compensation for executive officers is "at risk" and only realized through the performance of the Corporation over both the short-term and long-term. With respect to the longer-term component of executive officer compensation, Option grants are generally subject to vesting and priced at market value at the time of grant and, as a result, the realization of value from Option grants correlates to the long-term performance of the Corporation and is considered to be aligned with the Corporation's business strategy and the creation of Shareholder value.

In establishing the Corporation's executive compensation program, the Governance and Compensation Committee considers the implication of the risks associated with the Corporation's compensation program, including the risk of executive officers taking inappropriate or excessive risks; the risk of inappropriate focus on achieving short-term goals at the expense of long-term returns to Shareholders; and the risk of encouraging aggressive accounting practices. While no program can fully mitigate these risks, the Corporation believes that many of these risks are mitigated by: weighting the Corporation's long-term incentives towards share ownership and vesting the Corporation's long-term incentives over a number of years; establishing a uniform incentive program for all executive officers and employees; avoiding narrowly focused performance goals which may encourage loss of focus on providing long-term Shareholder returns and retaining adequate discretion to ensure that the Governance and Compensation Committee and the Board retain their business judgment in assessing actual performance; and establishing a strong "tone at the top" for accounting, regulatory, environmental and health and safety compliance.

No compensation consultant or advisor has, at any time since the Corporation's most recently completed financial year, been retained to assist the Board or the Governance and Compensation Committee in determining compensation for any of Stampede's directors or executive officers.

Components of Compensation

The annual compensation of each executive officer is determined having regard to such factors as the executive officer's current responsibilities, individual performance during the year, corporate performance during the year, years of service and the Governance and Compensation Committee's assessment of the other factors presented to it by the President and CEO. The Corporation's compensation program has three basic elements: (i) base salary and benefits; (ii) short-term incentives in the form of cash bonuses; and (iii) long-term incentives in the form of Options and an employee share ownership plan (the "ESOP").

The Governance and Compensation Committee does not use formulas in determining the amount and mix of compensation and uses both quantitative and qualitative factors such as reliability in delivering financial and growth targets, a track record of integrity, good judgement, the vision and ability to create further growth and the ability to lead others. In recommending the granting of long-term incentive awards to the Board, the Governance and Compensation Committee takes into consideration, among other things, the number of Options previously granted to each NEO.

Base Salary and Benefits

Base salary is intended to provide Named Executive Officers with basic compensation consistent with the individual's level of responsibility, skills, knowledge and experience; the contribution expected from each individual; and general sector compensation practices for individuals in the applicable position, all with a view to attracting and retaining the Named Executive Officers. In some circumstances, the level of base salary may affect the Corporation's decisions relating to short-term incentives (e.g. cash bonuses) given that, in some cases, bonuses are payable as a percentage of base salary (e.g. if performance criteria are achieved). In June 2018, the salary of the Corporation's: (i) CFO was increased from \$86,247 to \$162,000; and (ii) Sales Manager - Rig Division (now the COO) was increased from \$162,000 to \$212,000. In January 2019, the CEO's salary was increased from \$174,000 to \$375,700. In June 2020, the salaries of the CEO, COO and CFO were reduced to \$243,600, \$153,100 and \$137,550, respectively, as part of the Corporation's cost cutting initiatives related to negative market impacts caused by the COVID-19 pandemic and the current oversupply of crude oil.

The benefits package for executive officers consists of an insurance plan (including benefits for dental, vision, prescription drugs and health), a car allowance and parking, which the Governance and Compensation Committee considers comparable to benefits provided to executive officers of other publicly traded oil and gas service companies. None of the executive officers received perquisites, including property or personal benefits not generally available to all employees that in aggregate were worth \$50,000 or more, or worth 10% or more of their total salary for the financial years ended December 31, 2019, 2018 or 2017.

Short-Term Incentives

The Corporation may award short-term incentives to Named Executive Officers from time to time based on their annual performance. Short-term incentive compensation is intended to motivate and incentivize Named Executive Officers to meet certain shorter term personal and corporate objectives, which vary from individual to individual and from year to year. The Governance and Compensation Committee reviews (and approves with any amendments considered appropriate) the recommendations of the President and CEO regarding the Named Executive Officers corporate and individual key accomplishments to be rewarded in a given year. These short-term incentives are intended to ensure that a portion of a Named Executive Officer's compensation correlates with corporate objectives and varies with actual performance in a given year. Generally, the award of short-term incentives is at the discretion of the Board, based upon the recommendations of the Governance and Compensation Committee.

The Corporation's process for awarding short-term incentives to Named Executive Officers varies depending on the circumstances. The President and CEO will, at least annually, present the Governance and Compensation Committee with his review of the performance of the Named Executive Officers (other than the President and CEO) and will make recommendations to the Governance and Compensation Committee regarding possible bonuses to such Named Executive Officers based on the accomplishment of corporate and individual objectives. The Governance and Compensation Committee will then consider and determine whether to recommend such awards to the Board for

approval. The Governance and Compensation Committee also independently considers whether awards of short-term incentives should be made to the President and CEO.

In early 2019, the Governance and Compensation Committee reviewed individual and corporate performance for 2018 and determined that it was appropriate to recommend a cash bonus for the President and CEO in respect of 2018, which was subsequently approved by the Board. No other bonuses were awarded to any NEOs during the year ended December 31, 2018. No bonuses were awarded during the year ended December 31, 2019.

Long-Term Incentives

The issuance of Options to NEOs is intended to encourage Common Share ownership and to motivate NEOs to focus on a culture that will result in improving the Corporation's financial performance, the effect of which should lead to increases in the market value of the Common Shares. The Option Plan is discussed further under "*Incentive Plan Awards – Option Plan*" below.

Options are normally awarded by the Board (upon recommendation by the Governance and Compensation Committee) upon the commencement of employment with the Corporation, based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. When determining Options to be allocated to each individual executive officer, a number of factors are considered including the number of outstanding Options held by the executive officer, Options held by the executive officer that have been exercised or that have expired since the last grant to the executive officer, the value of Options held by the executive officer and the total number of available Options for grant.

In order to ensure that Options provide a long-term incentive, since December 2015, all Options granted carry a five year term and are either subject to vesting of one quarter on each of the first, second, third and fourth anniversaries of the date of the grant or one quarter on the day of the grant and one quarter on each of the first, second and third anniversaries of the date of the grant. The Governance and Compensation Committee has the authority to make recommendations, from time to time, regarding the amount of Options to be granted by the Corporation, as well as the grant date(s) and vesting schedules. In the course of fulfilling such responsibility, the Governance and Compensation Committee continuously monitors the number of Options held by the President and CEO and other NEOs, and attempts to keep such holdings in balance whenever significant grants of Options are made.

During the year ended December 31, 2019, the Corporation granted an aggregate of 4,835,000 Options to executive officers, directors, employees and consultants. In 2020, no Options have been granted to executive officers, directors, employees and consultants and as at the date hereof: (i) the Corporation has 6,446,520 Options outstanding, representing 4.9% of the issued and outstanding Common Shares; and (ii) there remain 6,758,040 Options available for grant, representing 5.1% of the issued and outstanding Common Shares, which in aggregate represents 10% of the currently issued and outstanding Common Shares.

For the year ended December 31, 2019, 2,000,000 Options were granted to the Named Executive Officers. In 2020, no Options have been granted to the Named Executive Officers.

Pursuant to the ESOP, a long-term incentive plan, pursuant to which the Corporation matches employee contributions used to purchase Common Shares, to a maximum of 5% of each employee's annual salary. The ESOP provides the Board with the authority, exercisable in its sole discretion, to exceed the Corporation's 5% matching limit in certain circumstances. Corporate matching was suspended in 2015 as part of the Corporation's cost reduction program; however, employees of the Corporation continue to be able to contribute to the ESOP. The elements of the program are designed to attract and retain highly qualified people and to align their interests with those of the Shareholders. Participation in the ESOP is voluntary.

NEO Compensation - Summary Compensation Table

The following table (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") under National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**")) sets

forth all direct and indirect compensation for, or in connection with, services provided to the Corporation for the fiscal years ended December 31, 2019, 2018 and 2017 in respect of the NEOs.

					Non-equity incentive plan compensation (\$)				
Name and Principal Position	Year	Salary (\$)	Share - based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Annual Incentive Plans ⁽²⁾	Long-term Incentive Plans	Pension Value (\$)	All other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
Lyle Whitmarsh President and CEO	2019	375,700 ⁽⁶⁾	-	105,064	-	-	-	17,749	498,513
	2018	174,000	-	37,331	200,000	-	-	-	411,331
	2017	66,323	-	40,096	200,000	-	-	-	306,419
Jeff Schab CFO and Corporate Secretary	2019	162,000	-	47,282	-	-	-	23,224	232,506
	2018	140,342 ⁽⁵⁾	-	8,006	-	-	-	-	148,348
	2017	83,714	-	15,103	-	-	-	-	98,817
Terry Kuiper⁽⁴⁾ COO	2019	212,000	-	65,378	-	-	-	18,326	295,704
	2018	-	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-

Notes:

- (1) Amounts represent the grant date fair value of the Options awarded to the NEO, calculated in accordance with the Black-Scholes model, which the Corporation determined to be the most accurate measure of value, using the market price of the Common Shares as at the grant date. The key valuation assumptions used: (i) in 2019 stock price volatility of 139%, range of risk free interest rates of 1.33% to 1.59%, no dividend yield, a forfeiture rate of 17%, and an expected life of five (5) years; (ii) in 2018 were range of stock price volatility of 139% to 143%, range of risk free interest rates of 2.02% to 2.18%, no dividend yield, a forfeiture rate of 10%, and an expected life of five (5) years and (iii) in 2017 were range of stock price volatility of 134.44% to 162.74%, range of risk free interest rates of 1.07% to 1.65%, no dividend yield, a forfeiture rate of 10% and an expected option life of five (5) years.
- (2) Represents a cash bonus earned by Mr. Whitmarsh in 2018 and 2017.
- (3) None of the NEOs received perquisites, including property or personal benefits not generally available to all employees that in aggregate were worth \$50,000 or more, or worth 10% or more of the NEO's total salary for the financial years ended December 31, 2019, 2018 or 2017.
- (4) Mr. Kuiper was appointed COO on July 8, 2019.
- (5) Mr. Schab's salary was increased from \$86,247 to \$162,000 on June 15, 2018. As such, the salary disclosed in the table above is the total salary earned by Mr. Schab during the year ended December 31, 2018.
- (6) Mr. Whitmarsh's salary was increased from \$174,000 to \$375,700 on January 1, 2019.

Incentive Plan Awards

Option Plan

Under the Option Plan, the Board may from time to time, in its discretion and in accordance with the requirements of the TSXV, grant Options to directors, officers, employees and consultants of the Corporation. As of the date hereof, Options to purchase an aggregate of 6,446,520 Common Shares are outstanding pursuant to the Option Plan, representing 4.9% of the issued and outstanding Common Shares, and there remain 6,758,040 Options available for grant, representing 5.1% of the issued and outstanding Common Shares. The maximum aggregate number of Common Shares issuable pursuant to the exercise of Options granted under the Option Plan from time to time is equal to 10% of the Common Shares issued and outstanding as at the date of an Option grant. The maximum aggregate number of Common Shares that may be reserved under the Option Plan for issuance to any one individual in any 12 month period cannot exceed 5% of the issued and outstanding number of Common Shares at the time of grant. The maximum aggregate number of Common Shares that may be reserved under the Option Plan for issuance to any one consultant in any 12 month period cannot exceed 2% of the issued and outstanding number of Common Shares at the time of grant. The maximum aggregate number of Common Shares that may be reserved under the Option Plan for issuance to any one person employed to provide investor relations activities in any 12 month period

cannot exceed 2% of the issued and outstanding number of Common Shares at the time of grant. The exercise price per Common Share under an Option will be determined by the Board, in its discretion, and may be calculated by taking the closing price of the Common Shares on the TSXV on the trading day immediately preceding the day on which the Option is granted and subtracting, at the discretion of the Board, up to the maximum discount permitted by the TSXV; provided that the exercise price per optioned Common Share cannot be less than \$0.10, being the minimum exercise price allowable under the rules and policies of the TSXV. Options granted under the Option Plan are exercisable over a period not exceeding ten (10) years, subject to earlier cancellation upon the occurrence of certain events set forth in the Option Plan. Neither the Options nor the benefits and rights of any optionee under any Option or under the Option Plan are assignable or otherwise transferable, except in the event of the permanent physical or mental disability or death of the optionee. The grant or existence of an Option does not in any way limit or restrict the right or power of the Corporation to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets. A copy of the Option Plan containing the full provisions of the plan is attached as Schedule B to this Circular.

The Option Plan provides that upon a participant's permanent physical or mental disability or death, such participant's Options may be exercised to purchase the total number of Common Shares not previously purchased by the participant whether or not the rights to purchase some or all of those Common Shares have previously vested in or are exercisable by the participant as of the date of ceasing to be a participant, provided such exercise occurs prior to the earlier of the expiry date of the Options and 90 days after the participant ceases to be a participant due to such permanent physical or mental disability or death. If a participant ceases to be a participant by reason of the participant's office, directorship or employment or services agreement with the Corporation terminating or ending otherwise than by reason of permanent physical or mental disability, or death or termination with or without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, the participant may exercise the Options not previously exercised by the participant but only to the extent that rights to purchase the Common Shares have vested in and are exercisable by the participant as at the date of such ceasing to be a participant, provided such exercise occurs at any time on or before the earlier of the expiry date of the Options and 21 days after the participant ceases to be a participant due to the termination or ending of the participant's office, directorship or employment or services agreement.

If a participant ceases to be a participant by reason of termination without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, the participant may exercise the Options not previously exercised by the participant but only to the extent that rights to purchase the Common Shares have vested in and are exercisable by the participant as at the date of such ceasing to be a participant, provided that such exercise occurs prior to the earlier of the expiry date of the Option or the date that the participant ceases to be a participant. If a participant ceases to be a participant by reason of termination and the participant is entitled to reasonable notice of termination or compensation in lieu thereof then the participant may exercise the Options not previously exercised by the participant but only to the extent that rights to purchase the Common Shares are vested in and are exercisable by the participant on or before the date of such ceasing to be a participant provided that such exercise occurs prior to the earlier of the expiry date of the Options and where the participant is given a reasonable period of notice prior to termination, the date the participant ceases to be a participant or where the participant is paid compensation in lieu of reasonable notice the date that is 21 days after the participant ceases to be a participant.

See also *"Statement of Executive Compensation – Compensation Discussion and Analysis – Components of Compensation – Long-Term Incentives"* and *"Particulars of Matters to be Acted Upon – Approval of Option Plan"*.

NEO Compensation - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information with respect to outstanding option-based awards for each of the Named Executive Officers that were outstanding as at December 31, 2019. The Corporation does not have any share-based awards outstanding.

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date ⁽¹⁾	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of shares or units of 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 (\$)
Lyle Whitmarsh	350,000 1,000,000	0.315 0.18	August 17, 2022 April 9, 2024	-	-	-	-
Jeff Schab	125,000 60,000 500,000	0.12 0.27 0.18	December 2, 2020 June 26, 2022 April 9, 2024	10,000 -	-	-	-
Terry Kuiper ⁽³⁾	150,000 100,000 500,000	0.40 0.33 0.18	November 1, 2017 May 30, 2018 April 9, 2024	- - -	-	-	-

Notes:

- (1) Options granted prior to December 2015 vest as to one-third on each anniversary of the date of grant and as the next one-third vests, any previously vested unexercised Options expire. Options granted in December 2015 or later are either subject to vesting of one quarter on each of the first, second, third and fourth anniversaries of the date of the grant or one quarter on the day of the grant and one quarter on each of the first, second and third anniversaries of the date of the grant.
- (2) The "in-the-money" amount is based on the difference between the closing market price of the Common Shares on the TSXV on December 31, 2019 of \$0.20, being the last day which the Common Shares traded in 2019, and the exercise price of the Options.
- (3) Mr. Kuiper was appointed COO on July 8, 2019.

NEO Compensation - Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth, for each of the Named Executive Officers the value of Option-based awards which vested during the year ended December 31, 2019. The Corporation does not have any share-based awards outstanding.

Name	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Lyle Whitmarsh	-	-	-
Jeff Schab	2,500	-	-
Terry Kuiper ⁽²⁾	-	-	-

Notes:

- (1) Calculated based on the difference between the closing market price of the Common Shares on the TSXV on the vesting date and the exercise price of the Options multiplied by the Options vested during the year.
- (2) Mr. Kuiper was appointed COO on July 8, 2019.

NEO Termination and Change of Control Benefits

Currently there are no agreements, compensation plans, contracts or arrangements whereby any NEO is entitled to receive payments from the Corporation in the event of the termination of any NEO's employment or a change in control of the Corporation.

Director Compensation

In early 2019, the Board adopted certain recommendations of the Governance and Compensation Committee regarding director compensation effective January 1, 2019, which are outlined below. Additionally, the Corporation will reimburse directors for all reasonable expenses incurred in order to attend meetings. As part of the Corporation's cost cutting initiatives related to the negative market impacts caused by the COVID-19 pandemic and the current oversupply of crude oil, for the time being, the Corporation has determined to eliminate all cash compensation payable to the Board for the 2020 year until further notice.

	Amount
Chair of the Board	\$35,000 annual retainer
Director	\$20,000 annual retainer
Audit Committee Chair	\$5,000 annual retainer
Health, Safety and Environment Committee Chair	\$2,500 annual retainer
Governance and Compensation Chair	\$2,500 annual retainer
Meeting Fee	\$1,000 – in-person attendance \$750 – attendance by phone

Board members are also eligible to participate in the Option Plan. The number of Options awarded to directors is determined by the Governance and Compensation Committee from time to time. For the year ended December 31, 2019, the Corporation granted 600,000 Options to the non-executive directors. In 2020, no Options were granted to the non-executive directors.

Director Summary Compensation Table

The following compensation table sets out the total compensation paid to each of the Corporation's directors, other than directors who are also Named Executive Officers, for the year ended December 31, 2019.

Name ⁽¹⁾	Fees earned (\$)	Share-based awards (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total (\$)
Thane Russell	40,750	-	21,178	-	-	-	61,928
Elson McDougald	29,500	-	13,588	-	-	-	43,088
Rodger Hawkins	32,000	-	11,639	-	-	-	47,639
Terrance J. Owen	26,750	-	9,842	-	-	-	36,592
Matthew Andrade	29,500	-	9,227	-	-	-	38,727

Notes:

- (1) Mr. Whitmarsh does not receive any compensation for service as a director of the Corporation. Particulars relating to his compensation as President and CEO can be found above under the heading "Statement of Executive Compensation – NEO Compensation – Summary Compensation Table".
- (2) Amounts represent the grant date fair value of the Options awarded to the director, calculated in accordance with the

Black-Scholes model, which the Corporation determined to be the most accurate measure of value, using the market price of the Common Shares as at the grant date. The key valuation assumptions used for 2019 were stock price volatility of 138%, risk free interest rates of 1.33%, no dividend yield, a forfeiture rate of 17% and an expected life of five (5) years.

Director Compensation - Outstanding Share-Based and Option-Based Awards

The following table sets forth information with respect to outstanding Option-based awards for each of the Corporation's directors, other than directors who are also Named Executive Officers, that were outstanding as at December 31, 2019. The Corporation does not have any share-based awards outstanding.

Name	Option-Based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date ⁽¹⁾	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of shares or units of 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 (\$)
Thane Russell	51,480 200,000	0.27 0.18	June 26, 2022 April 9, 2024	- -	-	-	-
Elson McDougald	100,000 100,000	0.315 0.18	June 26, 2022 April 9, 2024	-	-	-	-
Rodger Hawkins	30,000 55,000 100,000	0.12 0.27 0.18	December 2, 2020 June 26, 2022 April 9, 2024	2,400 -	-	-	-
Terrance J. Owen	30,000 19,600 100,000	0.12 0.27 0.18	December 2, 2020 June 26, 2022 April 9, 2024	2,400 -	-	-	-
Matthew Andrade	30,000 7,480 100,000	0.12 0.27 0.18	December 2, 2020 June 26, 2022 April 9, 2024	2,400 -	-	-	-

Notes:

- (1) Options granted prior to December 2015 vest as to one-third on each anniversary of the date of grant and as the next one-third vests, any previously vested unexercised Options expire. Options granted in December 2015 or later are either subject to vesting of one quarter on each of the first, second, third and fourth anniversaries of the date of the grant or one quarter on the day of the grant and one quarter on each of the first, second and third anniversaries of the date of the grant.
- (2) The "in-the-money" amount is based on the difference between the closing market price of the Common Shares on the TSXV on December 31, 2019 of \$0.20, being the last day which the Common Shares traded in 2019, and the exercise price of the Options.

Director Compensation - Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth, for each of the Corporation's directors, other than directors who are also Named Executive Officers, the value of Option-based awards which vested during the year ended December 31, 2019. The Corporation does not have any share-based awards outstanding.

Name	Option-Based Awards - Value vested during the year (\$)⁽¹⁾
Thane Russell	-
Elson McDougald	-
Rodger Hawkins	600
Terrance J. Owen	600
Matthew Andrade	600

Notes:

- (1) Calculated based on the difference between the closing market price of the Common Shares on the TSXV on the vesting date and the exercise price of the Options multiplied by the Options vested during the year.

Directors' and Officers' Liability Insurance and Indemnification

The Corporation maintains directors' and officers' liability insurance (containing industry standard exclusions and deductibles) in order to protect the Corporation and its directors and officers against any legal action which may arise due to alleged wrongful acts on the part of directors and officers of the Corporation. In addition, the Corporation, as provided for in the Corporation's by-laws, has entered into indemnity agreements with each of its directors and executive officers. The Board considers it desirable and in the best interests of the Corporation to enter into these agreements in order to set out the circumstances and manner in which the indemnified party may be indemnified in respect of certain liabilities or expenses which the indemnified party may incur as a result of acting as a director or executive officer of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as at December 31, 2019 with respect to Common Shares that may be issued under the Option Plan, being the sole equity compensation plan of the Corporation.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding Options, warrants and rights (b)(\$)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	6,446,520	0.22	6,758,040
Equity compensation plans not approved by security holders	-	-	-
Total	6,446,520	0.22	6,758,040

Note:

- (1) The total dilution from the Option Plan is limited to 10% of the issued and outstanding Common Shares. See "Statement of Executive Compensation – Compensation Discussion & Analysis – Components of Compensation – Options and ESOP" and "Statement of Executive Compensation – Incentive Plan Awards – Option Plan" for a summary of the Option Plan.

STATEMENT OF CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are 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 both in the interest of the Shareholders and contribute to effective and efficient decision making.

The Corporation is required to disclose its corporate governance practices in accordance with NI 58-101, as summarized below.

Board

Independence of Directors

An "independent director" generally is one 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, be reasonably expected to interfere with the exercise of a director's independent judgement. The Board, with the assistance of the Corporate Governance and Compensation Committee and counsel to the Corporation, is responsible for determining whether or not each director is "independent". To carry out this determination, all relationships with the Corporation are reviewed. To assist the Board in its determination, all directors provide disclosure of any material interest and business relationships with the Corporation and his or her shareholdings in the Corporation.

The Board is comprised of six (6) directors, the majority (5) of whom are considered to be "independent" under NI 58-101, namely Thane Russell, Rodger Hawkins, Terrance J. Owen, Elson McDougald and Matthew Andrade. Lyle Whitmarsh is not "independent" within the meaning of NI 58-101 by virtue of the fact that he is the President and CEO of the Corporation. In order to facilitate the exercise of the independent directors' judgement, the Board holds "in camera" sessions for independent members during each Board meeting to facilitate open and candid discussion among the independent directors. In addition, the independent directors may schedule meetings as they see fit without members of management and non-independent directors present.

Chairman of the Board

The Chairman of the Board, Thane Russell, is an independent director. The role of the Chairman is to provide leadership to the Board, manage the affairs of the Board and ensure that the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chairman presides at each meeting of the Board and is responsible for coordinating with management to ensure that documents are delivered to the directors in sufficient time in advance of Board meetings for a thorough review, that matters are properly presented for the Board's consideration at meetings and that the Board has an appropriate opportunity to discuss issues at each meeting, such that the Board is able to carry out its duties to oversee the management of the business and affairs of the Corporation. The Chairman is responsible for communicating with each Board member, ensuring that each director has the opportunity to be heard, that each director is accountable to the Board and that the Board and each committee is discharging its duties. The Chairman is also responsible for organizing the Board to function independently of management and arranges for the independent directors to meet without non-independent directors and management present.

Directorships

No director of the Corporation also serves as a director of another reporting issuer

Orientation and Continuing Education

The Board currently has a limited orientation and education program for new directors due to the fact that changes in directorships to date have been limited. The process currently includes discussions with the Chairman and senior management with respect to the business and operations of the Corporation. Any new Board members will be

provided with, among other things, copies of: (i) the Corporation's strategic plan; (ii) current year business plan and budget; (iii) all continuous disclosure filings for the current year; and (iv) all corporate policies including the Code and Whistleblower and Complaints Policy. All new directors are encouraged to review all previous minutes of meetings of the Board and the Shareholders. In addition, directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

Ethical Business Conduct

In addition to laws that apply to the Board generally, the Board's responsibilities are governed by the Corporation's articles and by-laws, the terms of reference for each of the Board committees and the Act. The Board is responsible for oversight and implementation of the Corporation's policies, including the Code. A copy of the Code is available on SEDAR at www.sedar.com.

Nomination of Directors

The Board has constituted a Governance and Compensation Committee which is responsible for periodically reviewing the composition and the criteria regarding the composition of the Board and its committees. The Governance and Compensation Committee's mandate is to assist the Board in the discharge of its duties with respect to ensuring compliance with the corporate governance policies of the Corporation. The Governance and Compensation Committee assesses the Corporation's approach to corporate governance and monitors the Corporation's structures and procedures to ensure that the Board is able to, and in fact does, function independently of management. In addition, it has the responsibility for identifying and reviewing new candidates to join the Board and recommending nominees for election as directors. The Governance and Compensation Committee is required to consider candidates' independence, experience, skills and available time to devote to the duties of the Board in making recommendations for nomination to the Board. The Governance and Compensation Committee reviews the composition and size of the Board and tenure of directors in advance of annual meetings when directors are most commonly elected by the Shareholders, as well as when individual directors indicate that their terms may end or that their status may change.

Compensation

For information concerning the steps taken to determine compensation for the directors and President and CEO of the Corporation, see "*Statement of Executive Compensation*" in this Circular.

Other Board Committees

In addition to the Audit Committee and the Governance and Compensation Committee, the Corporation has established the Health, Safety and Environment Committee. The Health, Safety and Environment Committee is comprised of two (2) independent directors, Messrs. McDougald (Chair) and Hawkins and one (1) non-independent director, Mr. Whitmarsh.

The Health, Safety and Environment Committee is responsible for various matters relating to health, safety and environment ("**HS&E**") of the Corporation, including:

- reviewing and providing oversight of the Corporation's policies, procedures, practices and training programs related to HS&E with the overarching goal of establishing the Corporation as the leader in the directional drilling and land based contract drilling industries in terms of HS&E performance;
- reviewing HS&E risks with management and recommending appropriate programs and procedures to reduce those risks, with a particular emphasis on effective training programs;
- considering the adequacy of operating policies and standards of performance that are designed to meet or exceed regulatory requirements and industry standards for HS&E;
- reviewing with management the methods of communicating HS&E policies, procedures and practices, including training of employees to fulfill the Corporation's HS&E mandate;

- considering, with management, the adequacy of loss prevention measures and emergency response plans and recovery programs, including implementation and routine testing of the plans;
- requiring management to regularly monitor and report on the Corporation's HS&E performance to ensure that the Corporation is in compliance with environmental laws and legislation, and applicable laws and policies as they relate to the health and safety of the Corporation's employees in the workplace;
- reviewing reports and providing oversight of HS&E incidents, emerging issues, inspections or audits, and corrective actions taken in response to any corresponding deficiencies. To facilitate this, all employee injury incidents are immediately reported by management to the Health, Safety and Environmental Committee with a description of management's actions to date to address the situation and management's intentions to fully resolve the incident;
- monitoring current, pending or threatened legal action by or against the Corporation related to HS&E;
- periodically considering insurable risks related to HS&E, and making corresponding recommendations to the Board as deemed appropriate; and
- reviewing significant external or internal audit or consultants' reports relating to environmental, health or safety matters.

Assessments

Prior to 2018, there was no formal process in place to assess the performance of the Board and individual directors. During the year ended December 31, 2018, the Board determined to implement an annual written questionnaire to be distributed to each Board member to assess the effectiveness of the Board, its committees and the effectiveness and contributions of individual directors. The questionnaire was completed by the Board during the year ended December 31, 2019 and the Board intends to utilize the questionnaire again in 2020.

THE AUDIT COMMITTEE

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires the Corporation to disclose annually in its information circular certain information concerning the constitution of the Audit Committee and its relationship with its independent auditor, as set forth below.

The Corporation is relying on Section 6.1 of NI 52-110, as a "venture issuer", with respect to the exemption from Part 5 (Reporting Obligations) of NI 52-110. The Audit Committee is governed by the Terms of Reference of the Audit Committee, established in accordance with NI 52-110, a copy of which is set out in Schedule A to this Circular.

Composition of the Audit Committee

The Audit Committee is currently comprised of Messrs. Hawkins (Chair), Andrade and Russell. All members of the Audit Committee are independent within the meaning of NI 52-110.

Relevant Education and Experience of Audit Committee Members

NI 52-110 provides that a member of the Audit Committee is considered to be "financially literate" if they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexities of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

All of the members of the Audit Committee are considered to be "financially literate", as that term is defined in NI 52-110.

Rodger Hawkins – Chair

Mr. Hawkins has over 40 years of experience as a Chartered Professional Accountant in audit and accounting with a focus on junior public companies in the resource, technology and resource service sectors. Prior to retirement in 2007, Mr. Hawkins was a partner of BDO Canada LLP in the Calgary office.

Matthew Andrade, CFA

Mr. Andrade has over 15 years of experience as a Chartered Financial Analyst. He is the past President of the CFA Society of Calgary and the past Chair of the CFA Institute Disciplinary Review Committee. He is currently the Managing Director, Public Investments at The Werklund Family Office, a private single family office.

Thane Russell

Mr. Russell has 33 years of engineering experience in the petroleum industry, primarily in production operations, drilling and completions, and well optimization. Mr. Russell has a particular interest in the innovation and commercialization of completion tools. Mr. Russell was one of the founders of Stellarton Energy Limited, which was sold to Tom Brown Resources Ltd. of Denver in 2000 with its wholly-owned subsidiary, Secure Oil Tools, being sold to Schlumberger Limited in 1999. In 2000, Mr. Russell founded Absolute Energy Limited, a private engineering, design and manufacturing company, and is currently the President. Prior to April 2017, Mr. Russell was also Chairman and Vice President of Absolute Completion Technologies Ltd., a private engineering, design and manufacturing company, which was founded in 2002 and sold to Schlumberger Limited in 2017. Mr. Russell also has field experience with a number of companies including Texaco, Inc., Imperial Oil Limited and Canadian Hunter Exploration Ltd. Mr. Russell received a Bachelor of Engineering degree from the Thayer School of Engineering at Dartmouth College and has his designation as a Professional Engineer.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a pre-approval policy (the "**Audit Policy**") with respect to the policies and procedures that must be followed for the engagement of audit and non-audit services. Pursuant to NI 52-110, the Audit Committee is responsible for the appointment, compensation and oversight of the work of PricewaterhouseCoopers LLP, the Corporation's independent auditor (the "**Auditor**"). As part of this responsibility, the Audit Committee is required to pre-approve all audit and non-audit services to be performed by the Auditor and to consider whether non-audit related services impair the Auditors independence.

Pursuant to the Audit Policy, all services provided by the Auditor for fees in excess of an aggregate of \$20,000 annually must be pre-approved by the Audit Committee. For non-audit services, the audit engagement partner of the Auditor must be consulted. The pre-approval of audit and non-audit services may be given at any time up to one (1) year before commencement of a specified service. Prior to the beginning of each financial year, management of the Corporation may submit a request to the Audit Committee for pre-approval of audit services, audit-related services and tax services.

The Audit Committee may delegate to one or more designated member(s) of the Audit the authority to grant pre-approvals of audit and non-audit services to be provided by the Auditor throughout the year. Any decisions made by such a designated member of the Audit Committee must be reported to the Audit Committee at the next meeting of the committee.

The Audit Committee recommends to the Board the appointment of the Auditor to perform the annual external audit of the Corporation's financial statements and additional audit services as required, which services may include, but

are not limited to, audit of the Corporation, services associated with the continuous disclosure obligations of the Corporation and consultations regarding financial accounting and reporting standards.

With respect to audit-related and tax-related services, management is required to request pre-approval of such services it reasonably believes will be required by the Corporation for the upcoming financial year. Audit-related services are those assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and include, but are not limited to: (i) due diligence and audit services related to business acquisitions and dispositions; (ii) internal control reviews; and (iii) consultations regarding financial accounting and reporting standards. Tax services include, but are not limited to: (i) tax planning and advice; (ii) the preparation and review of tax returns; and (iii) international tax planning.

All services to be provided by the Auditor are reviewed by the CFO, who determines whether such services are included within the accepted list of services for which pre-approval must be requested under the Audit Policy. Prior to the beginning of each financial year, the CFO delivers to the Audit Committee the documents reasonably required or requested to determine the services to be performed by the Auditor. At each regularly scheduled Audit Committee meeting, the Audit Committee reviews a report summarizing the services provided by the Auditor and the related fees, a listing of newly pre-approved services since the last regularly scheduled meeting and an updated analysis for the current financial year of the estimated annual fees to be paid to the Auditor.

Audit Fees

The following chart summarizes the aggregate fees billed by the Auditor for professional services rendered to the Corporation during the financial periods ended December 31, 2019 and December 31, 2018 for audit and non-audit related services:

Fee	December 31, 2019 (\$)	December 31, 2018 (\$)
Audit Fees ⁽¹⁾	102,500	109,000
Audit-Related Fees ⁽²⁾	21,000	35,500
Tax Fees ⁽³⁾	15,490	11,100
All Other Fees ⁽⁴⁾	-	-
Total	138,990	155,600

Notes:

- (1) "Audit Fees" means the aggregate fees billed for audit services.
- (2) "Audit-Related Fees" means the aggregate fees billed for assurance and related services by the Auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported under Note 1 above.
- (3) "Tax Fees" include the aggregate fees paid to the Auditor for tax compliance, tax advice, tax planning and advisory services, including preparation of tax returns.
- (4) "All Other Fees" include the aggregate fees billed for products and services provided by the Auditor, other than the services reported under Notes 1, 2 and 3 above.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No person who is or has been a director or executive officer of the Corporation at any time since the beginning of the year ended December 31, 2019, nor any proposed Nominee, nor any associate or affiliate of any one of them, is or was indebted to (i) the Corporation, or (ii) another entity, where such indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, in either case at any time since the beginning of the year ended December 31, 2019.

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no Nominee and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and the approval of the Option Plan, except as disclosed in this Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, there were no material interests, direct or indirect, of directors or executive officers of the Corporation, any proposed director of the Corporation, any securityholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

OTHER MATTERS

Management of the Corporation knows 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, the accompanying form of proxy will be voted on such matter in accordance with the best judgment of the person voting the form of proxy.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under its profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. Financial information is provided in the Corporation's audited comparative financial statements and related management discussion and analysis (the "**MD&A**") for the year ended December 31, 2019. Copies of the Corporation's financial statements and MD&A are available through SEDAR at www.sedar.com and may also be obtained upon request to the Corporation at:

Stampede Drilling Inc.
Suite 350, 808 – 4th Avenue SW
Calgary, Alberta T2P 3E8
Attention: Jeff Schab
Tel: (587) 233-0798
Fax: (403) 984-5097
E-mail: jeffschab@stampededrilling.com

SCHEDULE A

STAMPEDE DRILLING INC.

AUDIT COMMITTEE TERMS OF REFERENCE

I. PURPOSE

The primary function of the Audit Committee (the "**Committee**") is to assist the board of directors (the "**Board**") in fulfilling its oversight responsibilities by considering:

- A. the financial information that will be provided publicly;
- B. the systems of internal controls, including controls over public reporting; and
- C. all financial audit processes.

Primary responsibility for the financial reporting, information systems, risk management and internal controls of Stampede Drilling Inc. ("**Stampede**" or the "**Corporation**") is vested in management and is overseen by the Board.

II. COMPOSITION AND OPERATIONS

- A. The Committee shall be composed of not fewer than three directors all of whom must be independent as defined in Section 1.4 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") as may be amended from time to time.
- B. All Committee members shall be "financially literate"¹ as defined in NI 52-110.
- C. Stampede's auditors shall be advised of the names of the Committee members and will receive notice of and be invited to attend meetings of the Audit Committee, and to be heard at those meetings on matters relating to the Auditor's duties.
- D. The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.
- E. The Committee shall meet at least once (by person or by teleconference) during the first three fiscal quarters to review Stampede's quarterly financial statements and MD&A and related news releases for the immediately preceding fiscal quarter and to review and recommend approval by the full Board of such interim financial statements for the immediately preceding fiscal quarter.
- F. The Committee shall meet at least once (by person or by teleconference) in each fiscal year to review the annual and fourth quarter Stampede's audited financial statements and MD&A and related news releases for the immediately preceding fiscal year and to review and recommend approval by the full Board of such audited financial statements for the immediately preceding fiscal year.

¹ NI 52-110 defines "financially literate" as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

- G. The Chairperson shall, in consultation with management, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting.
- H. Every question at the Committee meeting shall be decided by a majority of the votes cast; in the event of a tie vote on any matter, such matter shall be presented to the Board for its consideration and determination.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

A. Financial Statements and Other Financial Information

The Committee will consider and recommend for approval to the Board, before being provided to the Board, financial information that will be made publicly available, including:

1. Stampede's annual financial statements, MD&A and related news release;
2. Stampede's quarterly financial statements, MD&A and related news release; and
3. financial information contained in the Annual Information Form and any Prospectus/Private Placement Memorandums.

The Committee will consider:

1. the appropriateness of accounting policies and financial reporting practices used by Stampede;
2. any significant proposed changes in financial reporting and accounting policies and practices to be adopted by Stampede;
3. any new or pending developments in accounting and reporting standards that may affect Stampede;
4. Annual Report - review the management MD&A discussion section and all other relevant sections of the annual report, if prepared, to ensure consistency of all financial information included in the annual report; and
5. Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.

B. Risk Management, Internal Control and Information Systems

The Audit Committee will consider whether the Corporation's risk management, internal control and public reporting systems appear to be operating effectively to produce accurate, appropriate and timely management and financial information, including:

1. the Corporation's risk management controls and policies;
2. the reliability of the information systems and the design and effective implementation of the systems of internal controls through discussions with and reports from management, and as applicable, the external auditor; and

3. management steps to implement and maintain appropriate internal control procedures.

C. External Audit

The Committee will discuss the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

1. considering and recommending to the Board, for shareholder approval, engagement of the external auditor;
2. considering the annual external audit plan, including:
 - (a) engagement letter;
 - (b) objectives and scope of the external audit work;
 - (c) procedures for quarterly review of financial statements;
 - (d) materiality limit;
 - (e) areas of audit risk;
 - (f) staffing;
 - (g) timetable; and
 - (h) proposed fees.
3. meeting with the external auditor to discuss the Corporation's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates and resolve any disagreements between management and the external auditors regarding financial reporting;
4. considering and advising the Board with respect to the planning, conduct and reporting of the annual audit, including:
 - (a) any difficulties encountered, or restrictions imposed by management, during the annual audit;
 - (b) any significant accounting or financial reporting issue;
 - (c) the auditors' evaluation, if any, as applicable of Stampede's system of internal controls, procedures and documentation;
 - (d) the post audit or management letter containing any findings or recommendations of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
 - (e) any other matters the external auditor brings to the Committee's attention; and
 - (f) the performance and the annual appointment of external auditors for recommendation to the Board.

5. considering the auditor's reports on all material entities that the Corporation consolidates, proportionately consolidates or equity accounts;
6. receiving assurances on the independence of the external auditor;
7. pre-approving all non-audit services to be provided by the external auditor's firm or its affiliates (including estimated fees), and considering the effect on the independence of the external audit; and
8. meeting periodically, and at least annually, with the external auditor without management present.

D. OTHER

The Committee will also consider:

1. insurance coverage of significant business risks;
2. material litigation and its effect on financial reporting;
3. policies and procedures for approval of officers' expenses and perquisites; and
4. the Terms of Reference for the Committee as required and make recommendations to the Board as required.

The Committee will also establish procedures for:

1. the receipt, retention and treatment of complaints received by the Corporation regarding (i) public reporting, accounting, internal accounting controls, or auditing matters; and (ii) violations of applicable laws, regulations and/or Corporation policies pertaining to health, safety and environment matters and employment actions taken by the Corporation in response thereto;
2. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
3. the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.

IV. ACCOUNTABILITY

The Committee Chairperson has the responsibility to make periodic reports to the Board, as requested, on financial matters relative to the Corporation. The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

V. RELIANCE ON EXPERTS

In contributing to the Committee's discharging of its duties under this mandate, each member shall be entitled to rely in good faith on:

- A. financial statements of the Corporation represented to the member by an officer of the Corporation, or in a written report of the external auditors, to present fairly in all material respects the financial position of the Corporation and the results of its operations in accordance with generally accepted accounting principles; and

- B. any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot usually be reasonably met unless the following activities (the "**fundamental activities**") are, in all material respects, conducted effectively:

- A. the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately in all material respects all of the Corporation's financial transactions;
- B. the internal financial controls are regularly considered for effectiveness;
- C. the Corporation's quarterly and annual financial statements are properly prepared by management in accordance with generally accepted accounting principles in all material respects; and
- D. such financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

VI. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharging of its duties under these Terms of Reference, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these Terms of Reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and considering to endeavour to gain reasonable assurance (but not to ensure) that the fundamental activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to the Board.

Adopted and approved by the Board: December 16, 2011, as amended on March 22, 2017, and as amended effective as of March 8, 2018.

SCHEDULE B
STAMPEDE DRILLING INC.
INCENTIVE STOCK OPTION PLAN

1. INTERPRETATION

In this Plan (including this clause), unless there is something in the subject or context inconsistent therewith, words importing the singular number includes the plural and vice versa, words importing the masculine gender includes the feminine and neuter genders and the expressions following have the following meanings, respectively:

- (a) **"Associate"** has the meaning ascribed thereto in the Securities Act;
- (b) **"Board"** means the Board of Directors of the Corporation;
- (c) **"Blackout Extension Term"** shall have the meaning set forth in Clause 9 hereof;
- (d) **"Committee"** means a committee of Directors appointed by the Board as contemplated by Clause 3 hereof;
- (e) **"Common Share"** means a voting common share in the capital stock of the Corporation as constituted at December 31, 2011 and, after any adjustments pursuant to Clause 7 hereof, means the shares or other securities or property which, as a result of such adjustments and all prior adjustments pursuant to Clause 7, the holders of Options are then entitled to receive on the exercise thereof;
- (f) **"Consultant"** means an individual or company other than an employee or a director of the Corporation that is engaged to provide on an ongoing basis consulting, technical or management or other services to the Corporation under a written contract and spends a significant amount of time and attention on the affairs of the Corporation such that they are knowledgeable about the business and affairs of the Corporation;
- (g) **"Corporation"** means Stampede Drilling Inc. and any successor or continuing corporation resulting from any form of corporate reorganization;
- (h) **"Early Termination Date"** means, in respect of any Option, 5:00 p.m. (Calgary time) on the date that an Option terminates prior to the Normal Expiry Date, as may be extended pursuant to a Blackout Extension Term;
- (i) **"Expiry Date"** means the Normal Expiry Date or the Early Termination Date, as the case may be;
- (j) **"Insider"** has the meaning ascribed thereto in the Securities Act;
- (k) **"Market Price"** at any date and in respect of an Option, means:
 - (i) where the Common Shares are not listed and posted for trading on a stock exchange, the value conclusively determined by the Board or Committee, as the case may be, on the Option Date; or
 - (ii) where the Common Shares are listed and posted for trading on a stock exchange, either:
 - (A) the closing price of the Common Shares on the principal stock exchange on which they are traded on the last business day preceding the Option Date; or

- (B) if the Common Shares did not trade on the last business day preceding the Option Date, the average of the bid and ask prices in respect of the Common Shares at the close of trading on such date on the principal stock exchange on which the Common Shares are listed and posted for trading;
- (l) **"Normal Expiry Date"** means, in respect of any Option, 5:00 p.m. (Calgary time) on the date determined by the Corporation and specified in the particular Option Agreement on which the Option would normally terminate, which date may not be later than ten years after the Option Date, as may be extended pursuant to a Blackout Extension Term;
- (m) **"Option"** means a right to purchase Common Shares pursuant to the Plan and an Option Agreement;
- (n) **"Option Agreement"** means an agreement entered into between the Corporation and a Participant pursuant to which an Option is granted to a Participant and which contains such provisions not inconsistent with the Plan as the Board or the Committee may determine;
- (o) **"Option Date"** means the date on which an Option is granted by the Corporation to a Participant which for greater certainty is the date on which the grant of the Option is approved by the Board or the Committee, as the case may be;
- (p) **"Option Shares"** means the Common Shares which a Participant is entitled to purchase under an Option whether or not the rights to purchase all such Common Shares have vested in and to the Optionee;
- (q) **"Optionee"** means a Participant who has entered into an Option Agreement with the Corporation;
- (r) **"Participant"** means, on any date, a person who is at least one of the following:
 - (i) a person who is bona fide regularly employed by the Corporation or one of its subsidiaries on that date;
 - (ii) an officer of the Corporation or one of its subsidiaries on that date;
 - (iii) a director of the Corporation or one of its subsidiaries on that date;
 - (iv) a bona fide consultant or advisor to the Corporation or one of its subsidiaries on that date; or
 - (v) to a corporation, the shares of which are wholly owned by a person described in subclause (i), (ii), (iii) or (iv);
- (s) **"Plan"** means the Corporation's "Incentive Stock Option Plan" embodied herein, as from time to time amended;
- (t) **"Purchase Price"** means the purchase price of Option Shares under an Option Agreement determined as provided in subclause 6(b) of this Plan; and
- (u) **"Securities Act"** means the *Securities Act* (Alberta), as amended.

2. PURPOSE OF THE PLAN

The purpose of the Plan is to develop the interest of Optionees in the growth and development of the Corporation by providing such persons with the incentive and opportunity to acquire an increased

proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

3. ADMINISTRATION, PARTICIPANTS AND ALLOTMENTS

- (a) The Board will administer the Plan. The Board may at any time or from time to time delegate to a Committee the responsibility for administering the Plan or elements thereof. The Board, or the Committee if so empowered, will determine from time to time those Participants to whom Options should be granted, the Normal Expiry Date, the number of Common Shares which should be optioned from time to time to any Participant, the Purchase Price and such other terms and conditions of the Option Agreement, not inconsistent with the Plan, as the Board or the Committee in its discretion may determine. The Board or the Committee may prescribe rules and regulations relating to the Plan and any Options granted hereunder and may approve the form and content and prescribe the use of such forms of applications, directions, powers of attorney, and other documents or instruments, either generally or in specific cases, as may be deemed necessary or advisable, for the grant or issuance of Options under the Plan and for the proper administration and operation of the Plan. The Board or the Committee will review the Plan from time to time with a view to making revisions to it, granting additional Options and, in the case of the Committee, making appropriate recommendations to the Board. Nothing contained in the Plan or in any resolution adopted or to be adopted by the Board or by the Committee constitutes an Option hereunder. An Option granted by the Board or the Committee to a Participant pursuant to the Plan is subject to, and is of no force and effect until, the execution and delivery of, an Option Agreement by both the Corporation and such Participant.
- (b) The Corporation is responsible for all costs of administration of the Plan.
- (c) The implementation of the Plan, the grant or exercise of any Options pursuant to the Plan and, from time to time, the operation and administration of the Plan is subject to receipt by the Corporation of all necessary approvals, advance rulings, exemptions or registrations required or deemed advisable under applicable law or regulatory policy including without limiting the generality of the foregoing, all necessary approvals or registrations required by any and all stock exchanges upon which the Common Shares are listed and posted for trading.
- (d) The Board or the Committee, as the case may be, may at any time and subject to regulatory approvals:
 - (i) discontinue or terminate the Plan; or
 - (ii) amend or revise the terms and conditions of the Plan and any outstanding Options granted under the Plan,

provided that no such action adversely affects any Options previously granted under the Plan or the rights of Optionees in respect of those Options without the prior written consent or agreement of those Optionees. Disinterested shareholder approval will be obtained for any reductions in the exercise price of Options held by Insiders.

4. COMMON SHARES SUBJECT TO PLAN

- (a) The Corporation reserves for issuance that number of Common Shares equal to 10% of the Corporation's outstanding Common Shares from time to time, for the purposes of issuance pursuant to the exercise of outstanding Options granted to the Participants pursuant to the Plan. In no event may the number of Option Shares issued under the Plan exceed the total number of Common Shares reserved for issuance hereunder. Notwithstanding the foregoing, the aggregate number of Common Shares issuable upon the exercise of all Options granted under the Plan shall

not exceed 10% of the Corporation's outstanding Common Shares issued and outstanding at the closing of the Corporation's initial public offering.

- (b) The number of Option Shares that may be reserved for allotment to any one Participant pursuant to Options in any 12 month period must not exceed 5% of the issued and outstanding Common Shares.
- (c) The number of Option Shares that may be reserved for allotment to any one consultant of the Corporation (or any of its subsidiaries) pursuant to Options in any 12 month period must not exceed 2% of the issued and outstanding Common Shares.
- (d) The number of Option Shares that may be reserved for allotment to any one person employed to provide investor relations activities pursuant to Options in any 12 month period must not exceed 2% of the issued and outstanding Common Shares. Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the Options vesting in any 3 month period and a condition that such Options will expire 30 days after the Optionee ceases to be employed to provide investor relations activities.

For the purposes hereof, the number of issued and outstanding Common Shares is determined as the number of Common Shares that are issued and outstanding immediately prior to a proposed grant of Options.

5. PARTICIPATION VOLUNTARY

Participation in the Plan by a Participant is entirely voluntary and does not affect the Participant's employment or continued retainer by, or other engagement with, the Corporation or its subsidiaries. None of the Plan or any Options granted under the Plan of itself gives any Participant the right to continue to be an employee, officer, director or consultant of the Corporation or any subsidiary thereof. None of the terms and conditions governing the Option are affected by any change in the Optionee's employment by or engagement with the Corporation so long as the Optionee continues to be a Participant.

6. CERTAIN TERMS OF OPTION AGREEMENTS

In order to constitute a valid Option granted under this Plan, the Optionee and the Corporation must enter into an Option Agreement in the form acceptable to the Board or the Committee, as the case may be. An Option Agreement may, in respect of any Option, specify a number or percentage of Option Shares that the Participant may exercise in any specified period, year or number of years. In addition, Option Agreements are deemed to contain the following provisions with respect to the exercise of Options under the Plan:

- (a) An Option under the Plan is only exercisable for a minimum of 100 Common Shares at any one time.
- (b) The Purchase Price must not be less than the Market Price subject always to the discount from the Market Price allowed under the policies, rules or by-laws of the applicable stock exchange(s) on which the Common Shares are listed and posted for trading, which discount is to be considered in setting the Purchase Price wholly at the discretion of the Board or Committee, as the case may be, and upon exercise of the Option must be paid in full in respect of those Option Shares being acquired in Canadian funds by cash, certified cheque or bank draft payable to or to the order of the Corporation at the time of exercise.
- (c) Each Option terminates on its Normal Expiry Date but subject always to the provisions of subclause 6(d) of this Plan.

- (d) If, after the Option Date and on or before the exercise in full of the Option or the Normal Expiry Date, the Optionee ceases to be a Participant:
- (i) by reason of the Optionee's permanent physical or mental disability, or death, then such Optionee's Option may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee whether or not the rights to purchase some or all of those Option Shares have previously vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 90 days after the date the Optionee ceases to be a Participant due to such permanent physical or mental disability, or death. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder cease and expire and are of no further force and effect. For greater certainty but without limiting the generality of the foregoing, if the Optionee is deemed to be an employee of the Corporation pursuant to a medical or disability plan of the Corporation or a subsidiary thereof, the Optionee is deemed to be an employee for the purpose of the Plan and the Option; or
 - (ii) by reason of the Optionee's office, directorship or employment or services agreement with the Corporation terminating or ending otherwise than by reason of permanent physical or mental disability, or death or termination with or without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, then such Optionee's Option may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 21 days after the date the Optionee ceases to be a Participant due to the termination or ending of the Participant's office, directorship or employment or services agreement. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect; or
 - (iii) by reason of the Optionee's termination without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that the Optionee ceases to be a Participant. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect; or
 - (iv) by reason of the Optionee's termination, and the Optionee is entitled to reasonable notice of termination or compensation in lieu thereof, then:
 - (A) the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee on or before the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and:
 - (I) where the Optionee is given a reasonable period of notice prior to termination, the date the Optionee ceases to be a Participant; or

- (II) where the Optionee is paid compensation in lieu of reasonable notice of termination, the date that is 21 days after the Optionee ceases to be a Participant; and

(B) the Optionee is not entitled:

- (I) to further time to exercise the Option during such reasonable notice period or during such specific notice period; or
- (II) compensation in lieu thereof by way of general damages, or special damages, whether in contract, tort or otherwise.

Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect.

- (e) With respect to subclause 6(d)(i), the rights under the Option exercisable after the death or disability of the Optionee, as therein specified, may be exercised by the person or persons to whom the Optionee's rights under the applicable Option Agreement pass by will or applicable law or, if no such person has such right, by the deceased or disabled Optionee's legal representatives.
- (f) If the Optionee does not continue to be a director, officer, consultant or employee of the Resulting Issuer upon completion of the Corporation's Qualifying Transaction (as such terms are defined in the policies of the TSX Venture Exchange), the Options granted hereunder must be exercised by the Optionee within the later of 12 months after completion of the Qualifying Transaction and 90 days after the Participant ceases to become a director, officer, consultant or employee of the Resulting Issuer.
- (g) An Optionee has no rights whatsoever as a shareholder in respect of any of the Option Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Common Shares in respect of which the Optionee has exercised his Option to purchase thereunder, which the Optionee has actually taken up and paid for, and which have been duly issued to the Optionee and are outstanding as fully paid and non-assessable Common Shares.

7. CHANGES IN STOCK

In the event:

- (a) of any change or proposed change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
- (b) of any issuance, dividend or distribution to all or substantially all the holders of Common Shares of any shares, securities, property or assets of the Corporation other than in the ordinary course;
- (c) that any rights are granted to holders of Common Shares to purchase Common Shares at prices materially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise the Common Shares are converted into or exchangeable for any other shares or securities;

then in any such case:

- (e) the Board will proportionately adjust the number of Option Shares available for Options, the number of Option Shares covered by outstanding Options, the securities or other property that may be acquired upon the exercise of an Option and the price per Option Share in such Option, or one

or more of the foregoing, to prevent substantial dilution or enlargement of the rights granted to, or available for, Optionees/Participants; and

- (f) the Board, in its discretion, may determine that:
 - (i) all or any part of the unexercised and unvested outstanding Options granted under the Plan vest and are exercisable on a date specified by the Board and the unexercised and unvested portion of such Options are thereupon deemed to have been vested and are exercisable on and after the date so specified in respect of any and all Option Shares for which the Optionee has not exercised the Option (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year); or
 - (ii) such Options may be exercisable for a limited period of time only and, if so, the Board will determine such period of time, and such determination or limitation, once made or set, is deemed to be incorporated into the applicable Option Agreement(s).

8. TAKEOVER BID

Notwithstanding the terms of any Option Agreement and Clause 6 of this Plan:

- (a) where an unsolicited Offer for the Common Shares is made, all unexercised and unvested outstanding Options granted under the Plan vest and become immediately exercisable in respect of any and all Option Shares for which the Optionee has not exercised the Option (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year); or
- (b) where an Offer for the Common Shares (other than an unsolicited Offer) is made, the Board may by resolution and subject to regulatory approval accelerate the unexpired portions of any outstanding Options so that any unexercised and unvested Options granted under the Plan vest and become exercisable on such terms as the Board so determines (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year).

For the purposes hereof, "Offer" means an offer made generally to the holders of the Corporation's voting securities in one or more jurisdictions to acquire, directly or indirectly, voting securities of the Corporation and which is in the nature of a "takeover bid" as defined in the Securities Act and, where the Common Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the Securities Act. For the purposes hereof, an "unsolicited Offer" means an Offer in respect of which neither the Board nor management of the Corporation solicited, sought out, or otherwise arranged for the offeror party to make such Offer. Any Option remaining unexercised following the earlier of the withdrawal of such Offer and the expiry of such Offer in accordance with its terms again becomes vested or unvested subject to the original terms of the Option Agreement as if the Offer had not been made.

9. BLACKOUT

In the event that the term of any Option expires during or within the five trading days after the termination of a securities trading blackout period, as set out in and imposed under the Corporation's "Insider Trading and Reporting Policy", as amended from time to time, the term of such Option shall be extended (the "Blackout Extension Term") for a period of 10 trading days from the expiry of the blackout period.

10. SALE OF ASSETS OR CHANGE IN CONTROL

Notwithstanding the terms of any Option Agreement and Clause 6 of this Plan, if:

- (a) the Corporation sells or otherwise disposes of all or substantially of its assets; or

- (b) any person who does not hold more than 20% of the issued and outstanding Common Shares acquires more than 20% of the outstanding Common Shares without the prior consent of the Board, in any way other than by way of takeover bid (which circumstance is addressed in Clause 8 of this Plan),

all unexercised, unvested and outstanding Options granted under the Plan vest and are immediately exercisable in respect of any and all Option Shares for which the Optionee has not exercised the Option (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year). The Board, in its discretion, may determine whether such Options may be exercisable for a limited period of time only and, if so, the Board will determine such period of time and such determination or limitation, once made or set, is deemed to be incorporated into the applicable Option Agreement(s).

11. COMMON SHARES FULLY PAID AND NON-ASSESSABLE

All Common Shares issued upon the exercise of any Option are to be issued as fully paid and non-assessable Common Shares.

12. CONDITIONS OF ISSUANCE OF SHARES

- (a) If at any time the Board or Committee (as the case may be) determines, in its discretion that:
 - (i) the registration or qualification of the Common Shares which are the subject of any Option Agreement upon, or the consent or approval of, any securities exchange or any stock exchange upon which the Common Shares are listed;
 - (ii) the registration or qualification under any laws of Canada or any Province thereof or of the United States or any state thereof or the consent or approval of any regulatory authority thereof;
 - (iii) evidence (in form and content satisfactory to the Board) of the investment intent of the Optionee; or
 - (iv) an undertaking of the Optionee as to the sale or disposition of such Option Shares that may purchased pursuant to an Option Agreement to the effect that such Option Shares once purchased are not to be traded by the Optionee for a specified period of time, is necessary or desirable as a condition of the issuance of any Option Shares pursuant to any Option Agreement, then the issuance of any Common Shares is not to be made unless and until such registration, qualification, consent, approval, evidence or undertaking has been effected or obtained free of any condition not acceptable to the Board or Committee.
- (b) Any trade by the Optionee in any Common Shares issued to the Optionee pursuant to the Plan including, without limiting the generality of the foregoing, any sale or disposition for valuable consideration, and any transfer, pledge or encumbrance of any Common Shares issued to an Optionee pursuant to the Plan, is subject to such regulatory approvals and other restrictions under applicable securities laws and regulatory policies as may be required at the time of such trade. Accordingly, the Corporation makes no representation as to the ability of any Optionee to trade in such Common Shares.
- (c) The Corporation cannot assure a profit or protect the Optionee against a loss on the Common Shares purchased under the Plan. The Corporation assumes no responsibility relating to any tax liability of the Optionee by reason of the exercise of any Option or any subsequent trade.

13. ACCOUNTS AND STATEMENTS

The Corporation will maintain records indicating the number of Options granted to each Optionee and the number of Options exercised under the Plan. Upon written request from an Optionee, the Corporation will furnish to that Optionee a statement indicating the number of Options held on his behalf.

14. RESTRICTION ON TRANSFER

The Options granted to an Optionee are personal and non-assignable and any rights in regard thereto cannot be transferred or assigned except upon the death of the Optionee as provided for in the Plan.

15. INTERPRETATION, AMENDMENT AND DISCONTINUANCE

The Board may interpret the Plan, prescribe, amend or rescind rules and regulations relating to it, and make all other determinations necessary or advisable for its administration. In the event of a conflict between the terms of the Plan and an Option Agreement, the terms of the Plan prevail. The Board may from time to time alter, suspend or discontinue the Plan provided that such alteration, suspension or discontinuance does not, except as specifically noted in this Plan or the Option Agreement, alter or impair any Option such Optionee may have under any Option Agreement previously executed and delivered by the Corporation and such Optionee. Any amendment to this Plan is subject to receipt of any necessary regulatory approvals and any amendment required by applicable law or regulatory policy to be approved by shareholders does not become effective until so approved. Subject to the foregoing provisions of this Clause, the Board may terminate the Plan at any time and, upon such termination, any outstanding Option remains exercisable in accordance with its terms as specified herein and in the Option Agreement.

16. WAIVER

No waiver by the Corporation of any term of this Plan or any breach thereof by an Optionee is effective or binding on the Corporation unless the same is expressed in writing and any waiver so expressed does not limit or affect its rights with respect to any other or future breach.

17. NOTICES

The manner of giving notices to the Corporation or to an Optionee is to be specified in the Option Agreement with such Optionee.

18. GENERAL

- (a) This Plan and each Option granted under the Plan are to be governed by and construed in accordance with the laws of the Province of Alberta and any Option Agreement entered into pursuant to the Plan is to be treated in all respects as an Alberta contract.
- (b) Nothing contained herein restricts or limits or is deemed to restrict or limit the rights or powers of the Board in connection with any allotment and issuance of shares in the capital stock of the Corporation which are not reserved for issuance hereunder.
- (c) The Plan and any Option Agreement entered into pursuant hereto enure to the benefit of and are binding upon the Corporation, its successors and assigns. The interest of any Optionee hereunder or under any Option Agreement is not transferable or alienable by the Optionee either by assignment or in any other manner whatsoever and, during his lifetime, is vested only in him, but, subject to the terms hereof and of the Option Agreement, enures to the benefit of and is binding upon the legal personal representatives of the Optionee.

19. SHAREHOLDER APPROVAL AND EFFECTIVE DATE

Although this Plan is effective as and from the date hereof, each of the Option Agreements in respect of Options granted pursuant to this Plan is to contain a restriction to the effect that, where the Common Shares

are listed and posted for trading on a stock exchange, no Common Shares are to be issued pursuant to the exercise of an Option unless and until this Plan is approved by shareholders of the Corporation (such restriction to be removed or deemed hereby to be of no further effect once shareholder approval is obtained).

Date: September 15, 2011

SCHEDULE C

AMENDED AND RESTATED BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs

of

STAMPEDE DRILLING INC.

CONTENTS

Section 1 INTERPRETATION.....	1
Section 2 BUSINESS OF THE CORPORATION.....	2
Section 3 BORROWING AND SECURITIES.....	3
Section 4 DIRECTORS	4
Section 5 COMMITTEES.....	7
Section 6 OFFICERS.....	7
Section 7 PROTECTION OF DIRECTORS, OFFICERS AND OTHERS.....	9
Section 8 SHARES	9
Section 9 DIVIDENDS AND RIGHTS.....	11
Section 10 MEETINGS OF SHAREHOLDERS.....	12
Section 11 DIVISIONS AND DEPARTMENTS	16
Section 12 NOTICES.....	16

BE IT ENACTED as a by-law of the Corporation as follows:

SECTION 1 INTERPRETATION

1.01 Definitions - In the by-laws of the Corporation, unless the context otherwise requires:

"Act" means the Business Corporations Act, R.S.A. 2000, c. B-9, and any statute that may be substituted therefor, as from time to time amended;

"appoint" includes "elect" and vice versa;

"articles" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution or articles of revival and includes an amendment to any of them;

"Board" means the board of directors of the Corporation;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"Corporation" means the corporation incorporated by a Certificate of Incorporation under the Act and named:

- STAMPEDE DRILLING INC. -

"meeting of shareholders" means an annual meeting of shareholders and a special meeting of shareholders;

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in *The Interpretation Act*, 2000, c. 1-8 and any statute that may be substituted therefor, as from time to time amended;

"recorded address" means in the case of a shareholder his address as recorded in the securities register of the Corporation; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the Board, his latest address as recorded in the records of the Corporation;

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.02 or by a resolution passed pursuant thereto;

"special meeting of shareholders" means a special meeting of all shareholders entitled to vote at an annual meeting of shareholders; and

"unanimous shareholder agreement" means (i) a written agreement to which all the shareholders of a corporation are or are deemed to be parties, whether or not any other person is also a party, or (ii) a written declaration by a person who is the beneficial owner of all of the issued shares of a corporation that provides for any matters enumerated in the Act, as amended from time to time;

save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

**SECTION 2
BUSINESS OF THE CORPORATION**

- 2.01 Registered Office - Until changed in accordance with the Act, the registered office of the Corporation shall be at the City of Calgary in the Province of Alberta and at such location therein as the Board may from time to time determine.
- 2.02 Execution of Instruments - Contracts, documents or instruments in writing requiring execution by the Corporation may be signed by any two persons, one of whom holds the office of Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, Managing Director, Vice-President Or Director and the other of whom holds one of the said offices or the office of Secretary, Treasurer, Assistant-Secretary or Assistant-Treasurer or any other office created by by-law or resolution of the board; and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The Board is authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation to sign and deliver either contracts, documents or

instruments in writing generally or to sign either manually or by facsimile signature and/or counterpart signature and deliver specific contracts, documents or instruments in writing. The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, charges, conveyances, powers of attorney, transfers and assignments of property of all kinds (including specifically, but without limitation, transfers and assignments of shares, warrants, bonds, debentures or other securities), share certificates, warrants, bonds, debentures and other securities or security instruments of the Corporation and all paper writings.

- 2.03 Banking Arrangements - The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.
- 2.04 Voting Rights in Other Bodies Corporate - The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.
- 2.05 Withholding Information from Shareholders - Subject to the provisions of the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the Board, it would be inexpedient in the interests of the shareholders or the Corporation to communicate to the public. The Board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the Board or by resolution passed at a general meeting of shareholders.

SECTION 3 BORROWING AND SECURITIES

- 3.01 Borrowing Power - Without limiting the borrowing powers of the Corporation as set forth in the Act, the articles, the by-laws or any unanimous shareholder agreement, the Board may from time to time:
 - (a) borrow money upon the credit of the Corporation;
 - (b) issue, reissue, sell or pledge debt obligations of the Corporation;
 - (c) subject to the provisions of the Act give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
 - (d) mortgage, hypothecate, pledge or otherwise create an interest in or charge upon all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

- 3.02 Delegation - The Board may from time to time delegate to such one or more of the directors and officers of the Corporation as may be designated by the Board all or any of the powers conferred on the Board by section 3.01 or by the Act to such extent and in such manner as the Board shall determine at the time of each such delegation.

SECTION 4 DIRECTORS

- 4.01 Number of Directors and Quorum - Until changed in accordance with the Act, the Board shall consist of not fewer than three (3) and not more than eleven (11) directors. Subject to section 4.08, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of directors then elected or appointed, or such greater or lesser number of directors as the Board may from time to time determine.
- 4.02 Qualification - No person shall be qualified for election as a director if he (i) is less than 18 years of age; (ii) is a dependent adult as defined in *The Dependent Adults Act* or is the subject of a certificate of incapacity under that Act and any statute that may be substituted therefor, as from time to time amended; (iii) is a formal mental patient as defined in *The Mental Health Act* and any statute that may be substituted therefor, as from time to time amended; (iv) is the subject of an order under *The Mentally Incapacitated Persons Act* and any statute that may be substituted therefor, as from time to time amended, appointing a committee of his person or estate or both; (v) has been found to be a person of unsound mind by a court elsewhere than in Alberta; (vi) is not an individual; (vii) has the status of a bankrupt. Subject to the articles, a director need not be a shareholder. At least one-quarter of the directors must be resident Canadians.
- 4.03 Election and Term - The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or the shareholders otherwise determine. The election shall be by ordinary resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.
- 4.04 Removal of Directors - Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by the directors.
- 4.05 Vacation of Office - A director ceases to hold office when he dies; he is removed from office by the shareholders; he ceases to be qualified for election as a director; or his written resignation is sent or delivered to the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later.
- 4.06 Vacancies - Subject to the Act, the articles and any unanimous shareholders agreement, a quorum of the Board may fill a vacancy in the Board, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure of the shareholders to elect the minimum number of directors. In the absence of a quorum of the Board, or if the vacancy has arisen from a failure of the shareholders to elect the minimum number of directors, the Board

shall forthwith call a special meeting of shareholders to fill the vacancy. If the Board fails to call such meeting or if there are no such directors then in office, any shareholder may call the meeting.

- 4.07 Action by the Board - Subject to any unanimous shareholder agreement, the Board shall manage or supervise the management of the business and affairs of the Corporation. Subject to sections 4.08 and 4.09, the powers of the Board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed in part or in counterpart by all the directors entitled to vote on that resolution at a meeting of the Board. Where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office. Where the Corporation has only one director, that director may constitute the meeting.
- 4.08 Residence - Unless otherwise permitted by the Act, the Board shall not transact business at a meeting, other than filling a vacancy in the Board, unless at least one-quarter of the directors present are resident Canadians, except where:
- (a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
 - (b) the number of resident Canadian directors present at the meeting together with any resident Canadian director who gives his approval under clause (a), totals at least one-quarter of the directors present at the meeting.
- 4.09 Meetings by Telephone - If all the directors consent, a director may participate in a meeting of the Board or of a committee of the Board by electronic means, telephone or other communication facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board held while a director holds office.
- 4.10 Place of Meetings - Meetings of the Board may be held at any place in or outside Canada.
- 4.11 Calling of Meetings - Meetings of the Board shall be held from time to time and at such place as the Board, the chairman of the Board, the managing director, the president or any two directors may determine.
- 4.12 Notice of Meeting - Notice of the time and place of each meeting of the Board shall be given in the manner provided in section 12.01 to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:
- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
 - (b) appoint additional directors;
 - (c) fill a vacancy among the directors or in the office of auditor;
 - (d) issue securities;

- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (g) pay a commission for the sale of shares;
- (h) approve a prospectus or management proxy circular;
- (i) approve a take-over bid circular or directors' circular;
- (j) approve any annual financial statements; or
- (k) adopt, amend or repeal by-laws.

A director may in any manner waive notice of or otherwise consent to a meeting of the Board, and attendance of a director at a meeting, constitutes a waiver of notice unless the director is attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

- 4.13 First Meeting of New Board - Provided a quorum of directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of shareholders at which such Board is elected.
- 4.14 Adjourned Meeting - Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.
- 4.15 Regular Meetings - The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.
- 4.16 Chairman - The chairman of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the Board, managing director, president, or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chairman.
- 4.17 Votes to Govern - At all meetings of the Board every question shall be decided by a majority of the votes cast on the question of those directors entitled to vote. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.
- 4.18 Conflict of Interest - A director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation shall disclose the nature and extent of his interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the Board or shareholders for approval in accordance with the Act, even if such contract or transaction is one that in the ordinary course of the Corporation's business would not require approval by the Board or shareholders, and a director interested in a contract or transaction so referred to the Board shall not vote on any resolution to approve the same except as provided by the Act.

- 4.19 Remuneration and Expenses - Subject to the articles and any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration in that capacity.

SECTION 5 COMMITTEES

- 5.01 Committee of Directors - Unless otherwise permitted by the Act, the Board may appoint a managing director who must be a resident Canadian or committee of directors, however designated, and delegate to such committee any of the powers of the Board except those which, under the Act, a managing director or a committee of directors has no authority to exercise. At least one-quarter of the members of such committee shall be resident Canadians.
- 5.02 Transaction of Business - Subject to the provisions of section 4.09, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.
- 5.03 Advisory Committees - The Board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.
- 5.04 Procedure - Unless otherwise determined by the Board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.
- 5.05 Audit Committee - When required by the Act the Board shall, and at any other time the Board may, appoint annually from among its number an Audit Committee to be composed of not fewer than three (3) directors of whom a majority shall not be officers or employees of the Corporation or its affiliates. The Audit Committee shall have the powers and duties provided in the Act and any other powers delegated by the Board.

SECTION 6 OFFICERS

- 6.01 Appointment - Subject to the articles and any unanimous shareholder agreement, the Board may from time to time appoint a president, chief executive officer, chief financial officer, one or more vice- presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. The Board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, the articles and any unanimous shareholder agreement, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to sections 6.02 and 6.03, an officer may but need not be a director and one person may hold more than one office.
- 6.02 Chairman of the Board - The Board may from time to time also appoint a chairman of the Board who shall be a director. If appointed, the Board may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the managing director or to the president;

and he shall, subject to the provisions of the Act, have such other powers and duties as the Board may specify. During the absence or disability of the chairman of the Board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

- 6.03 Managing Director - The Board may from time to time appoint a managing director who shall be a director. If appointed, he shall have such powers and duties as the Board may specify.
- 6.04 President - If appointed, the president shall be the chief operating officer and, subject to the authority of the Board, shall have general supervision of the business of the Corporation; and he shall have such other powers and duties as the Board may specify. During the absence or disability of the president, or if no president has been appointed, the managing director shall also have the powers and duties of that office.
- 6.05 Vice-President - A vice-president shall have such powers and duties as the Board or the chief executive officer may specify.
- 6.06 Secretary - The secretary shall attend and be the secretary of all meetings of the Board, shareholders and committees of the Board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the Board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the Board or the chief executive officer may specify.
- 6.07 Treasurer - The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the Board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the Board or the chief executive officer may specify.
- 6.08 Powers and Duties of Other Officers - The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the chief executive officer otherwise directs.
- 6.09 Variation of Powers and Duties - The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.
- 6.10 Term of Office - The Board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the Board shall hold office until his successor is appointed.
- 6.11 Terms of Employment and Remuneration - The terms of employment and the remuneration of officers appointed by the Board shall be settled by the Board from time to time.
- 6.12 Conflict of Interest - An officer shall disclose his interest in any material contract or material transaction or proposed material contract or proposed material transaction with the Corporation in accordance with section 4.18.

- 6.13 Agents and Attorneys - The Board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.
- 6.14 Fidelity Bonds - The Board may require such officers, employees and agents of the Corporation as the Board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board may from time to time determine.

SECTION 7

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

- 7.01 Limitation of Liability - No director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.
- 7.02 Indemnity - Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Corporation or any such body corporate) and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate,
- (a) if he acted honestly and in good faith with a view to the best interests of the Corporation; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.
- 7.03 Insurance - Subject to the limitations contained in the Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers as such, as the Board may from time to time determine.

SECTION 8

SHARES

- 8.01 Allotment - Subject to the Act, the articles and any unanimous shareholder agreement, the Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such

consideration as the Board shall determine, provided that no share shall be issued until it is fully paid as prescribed by the Act.

- 8.02 Commissions - The Board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.
- 8.03 Registration of Transfer - Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by his attorney or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the Board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the Board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section 8.5.
- 8.04 Transfer Agents and Registrars - The Board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The Board may at any time terminate any such appointment.
- 8.05 Lien for Indebtedness - If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder indebted to the Corporation, such lien may be enforced, subject to any other provision of the articles and to any unanimous shareholder agreement, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, may refuse to register a transfer of the whole or any part of such shares.
- 8.06 Non-recognition of Trusts - Subject to the provisions of the Act, the Corporation shall treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporations records or on the share certificate.
- 8.07 Security Certificates - Every holder of one or more securities of the Corporation shall be entitled, at his option, to a security certificate, or to a non-transferable written acknowledgement of his right to obtain a security certificate, stating the number and class or series of securities held by him as shown on the securities register. Security certificates and acknowledgements of a shareholder's right to a security certificate, respectively, shall be in such form as the Board shall from time to time approve. Any security certificate shall be signed in accordance with section 2.02 and need not be under the corporate seal; provided that, unless the Board otherwise determines, certificates representing securities in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of security certificates which are not valid unless countersigned by or on behalf of the transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon security certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A security certificate executed as aforesaid shall be valid notwithstanding that one or both of the

officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

- 8.08 Replacement of Security Certificates - The Board or any officer or agent designated by the Board may in its or his discretion direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated or in substitution for a security certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding \$3, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.
- 8.09 Joint Securityholders - If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such security.
- 8.10 Deceased Shareholders - In the event of the death of a holder, or of one of the joint holders, of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

SECTION 9 DIVIDENDS AND RIGHTS

- 9.01 Dividends - Subject to the provisions of the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.
- 9.02 Dividend Cheques - A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.
- 9.03 Non-receipt of Cheques - In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case.
- 9.04 Record Date for Dividends and Rights - The Board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Corporation, as a record date

for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities and if the Corporation is a distributing corporation, as defined in the Act, provided that notice of any such record date is given, not less than 7 days before such record date, by newspaper advertisement in the manner provided in the Act. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

- 9.05 Unclaimed Dividends - Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION 10 MEETINGS OF SHAREHOLDERS

- 10.01 Annual Meetings - The annual meeting of shareholders shall be held at such time in each year and, subject to section 10.03, at such place as the Board, the chairman of the Board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.
- 10.02 Special Meetings - The Board, the chairman of the Board, the managing director or the president shall have power to call a special meeting of shareholders at any time.
- 10.03 Place of Meetings - Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situate or, if the Board shall so determine, at some other place in Alberta or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Alberta.
- 10.04 Notice of Meetings - Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 12.01 not less than 21 nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice, if any, is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditors report, election of directors and appointment of auditors shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder may in any manner waive notice of or otherwise consent to a meeting of shareholders.
- 10.05 List of Shareholders Entitled to Notice - The Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to section 10.06, the shareholders listed shall be those registered at the close of business on a day not later than 10 days after such record date and the list shall be prepared no later than 10 days after the record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at

the registered office of the Corporation or at the place where the securities register is kept and at the place where the meeting is held.

- 10.06 Record Date for Notice - The Board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, for the determination of the shareholders entitled to notice of or to vote at the meeting, provided that notice of any such record date is given, not less than 7 days before such record date, by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of or to vote at the meeting shall be the close of business on the last business day immediately preceding the day on which the notice is sent or if no notice is sent, the day on which the meeting is held.
- 10.07 Meetings without Notice - A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.
- 10.08 Chairman, Secretary and Scrutineers - The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: president, managing director, chairman of the Board, or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for the commencement of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.
- 10.09 Persons Entitled to be Present - The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.
- 10.10 Quorum - Unless and until shares of the Corporation are sold to the public, subject to the requirements of the Act, a quorum for the transaction of business at any meeting of shareholders, irrespective of the number of persons actually present at the meeting, shall be one person present in person being a shareholder entitled to vote thereat or a duly appointed representative or proxyholder for an absent shareholder so entitled, and holding or representing in the aggregate not less than a majority of the outstanding shares of the Corporation entitled to vote at the meeting.

At such time as shares of the Corporation have been sold to the public, the quorum for the transaction of business at any meeting of the shareholders shall consist of at least two persons holding or representing by proxy not less than five (5%) percent of the outstanding shares of the Corporation entitled to vote at the meeting.

If a quorum is not present at the opening of any meeting of shareholders, the shareholders present may adjourn the meeting to a fixed time and place, but may not transact any other business. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days it is not necessary to give notice of the adjourned meeting other than by announcement at the time of an adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of more than 29 days and not more than 90 days, notice of the adjourned meeting shall be given as for an original meeting but the management of the Corporation shall not be required to send a form of proxy in the form prescribed by the Act to each shareholder who is entitled to receive notice of the meeting. Those shareholders present at any duly adjourned meeting shall constitute a quorum.

- 10.11 Participation in Meeting by Electronic Means - If the Board calls a meeting of the shareholders and the Corporation makes available a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, any person entitled to attend that meeting of shareholders may participate in the meeting, in accordance with the Act, by means of such communication facility. A person participating in the meeting by such means shall be deemed to be present at the meeting.
- 10.12 Electronic Meetings - Subject to the Act and the consent of the directors, if the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, the directors or the shareholders, as the case may be, may determine that the meeting shall be held entirely by a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. The directors may establish procedures regarding the holding of meetings of shareholders by such means.
- 10.13 Right to Vote - Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 10.05, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except, where the Corporation has fixed a record date in respect of such meeting pursuant to section 10.06, to the extent that such person has transferred any of his shares after such record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than 10 days before the meeting that his name be included to vote the shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at that time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.
- 10.14 Proxies - Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act.
- 10.15 Time for Deposit of Proxies - The Board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

- 10.16 Joint Shareholders - If two or more persons hold shares jointly, one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one on the shares jointly held by them.
- 10.17 Votes to Govern - At any meeting of shareholders every question shall, unless otherwise required by the Act, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.
- 10.18 Show of Hands - Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands or any other manner permitted by the Act unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.
- 10.19 Ballots - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands or other form of voting has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.
- 10.20 Electronic Voting - Any vote referred to in this Section 10 may be held, in accordance with the Act, partially or entirely by means of a telephonic, electronic or other communication facility, if the Corporation has made available such a facility in accordance with the Act. Any person participating in a meeting of shareholders under Section 10.11 or 10.12 and entitled to vote at the meeting may vote, in accordance with the Act, by means of the telephonic, electronic or other communication facility that the Corporation has made available for such purpose in accordance with the Act.
- 10.21 Adjournment - If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.
- 10.22 Resolution in Writing - A resolution in writing signed in counterpart or in one instrument by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.
- 10.23 Only One Shareholder - Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

SECTION 11 DIVISIONS AND DEPARTMENTS

- 11.01 Creation and Consolidation of Divisions - The Board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the Board may consider appropriate in each case. The Board may also cause the business and operations of any such division to be farther divided into sub-units and the business and operations of any such divisions or sub-units to be consolidated upon such basis as the Board may consider appropriate in each case.
- 11.02 Name of Division - Any division or its sub-units may be designated by such name as the Board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name. Any such contracts, cheque or document shall be binding upon the Corporation as if it had been entered into or signed in the name of the Corporation.
- 11.03 Officers of Divisions - From time to time the Board or, if authorized by the Board, the chief executive officer, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The Board or, if authorized by the Board, the chief executive officer, may remove at its or his pleasure any officer so appointed, without prejudice to such officers rights under any employment contract. Officers of divisions or their sub-units shall not, as such, be officers of the Corporation.

SECTION 12 NOTICES

- 12.01 Method of Giving Notices - Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid ordinary or air mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication or by electronic means in accordance with the provisions of the Electronic Transactions Act. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by him to be reliable.
- 12.02 Notice to Joint Shareholders - If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.
- 12.03 Computation of Time - In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

- 12.04 Undelivered Notices - If any notice given to a shareholder pursuant to section 12.1 is returned on two consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.
- 12.05 Omissions and Errors - The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.
- 12.06 Persons Entitled by Death or Operation of Law - Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.
- 12.07 Waiver of Notice - Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the Board which may be given in any manner.
- 12.08 Repeal of Existing By-Law 1 - Upon this by-law becoming effective, the previous by-law 1 of the Corporation shall be repealed without prejudice to any action taken thereunder.

ADOPTED by the directors of the Corporation on, and effective as of, July 3, 2020, subject to confirmation by the shareholders of the Corporation.

CONFIRMED by the shareholders of the Corporation on August 11, 2020.

