



**ANNUAL GENERAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**TO BE HELD ON MONDAY, OCTOBER 25, 2021**

**NOTICE OF MEETING AND  
MANAGEMENT PROXY AND INFORMATION CIRCULAR**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF CORDY OILFIELD SERVICES INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF CORDY OILFIELD SERVICES INC. TO BE HELD ON OCTOBER 25, 2021*

**TO BE HELD AT:**

**Cordy Oilfield Services Inc.  
5366 – 55 Street SE  
Calgary, Alberta  
T2C 3G9**

**At 9:00 a.m.**

**Dated: September 16, 2021**





**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON  
OCTOBER 25, 2021**

**NOTICE IS HEREBY GIVEN THAT** the Annual General and Special Meeting (the “**Meeting**”) of the holders of common shares (“**Common Shares**”) of Cordy Oilfield Services Inc. (the “**Corporation**”) will be held on October 25, 2021 at 9:00 a.m. (Calgary time) at the offices of the Corporation at 5366 – 55 Street SE, Calgary, Alberta, for the following purposes:

1. to receive the financial statements of the Corporation for the year ended December 31, 2020, together with the report of the auditors thereon;
2. to pass an ordinary resolution of the shareholders to fix the number of directors of the Corporation to be elected at three (3);
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint the auditors for the ensuing year and authorize the directors to fix the remuneration to be paid to the auditors;
5. to consider, and if thought fit, to pass, with or without modification, an ordinary resolution as more particularly set forth in the accompanying Management Information Circular prepared for the purpose of the Meeting relating to the re-approval of the stock option plan of the Corporation;
6. to consider, and if thought fit, approve the special resolution, as more particularly set forth in the accompanying Management Information Circular, authorizing and approving the consolidation of the issued and outstanding Common Shares on the basis of one (1) new Common Share for every existing five (5) Common Shares issued and outstanding immediately prior to the consolidation, with the exact ratio to be determined by the Board of Directors; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Management Information Circular. A copy of the Corporation’s audited consolidated financial statements for the year ended December 31, 2020 accompany this Notice.

Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed Instrument of Proxy and return it in the enclosed envelope to Computershare Trust Company of Canada, Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the Meeting, proxies must be received by Computershare Trust Company of Canada not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time for holding the Meeting, or any adjournment thereof.

Only shareholders of record as of the close of business on September 20, 2021 (the “**Record Date**”) will be entitled to vote at the Meeting, unless after the Record Date a holder of record has transferred any shares and the transferee shareholder establishes ownership to the shares and demands, not later than 10 days before the Meeting, that the transferee’s name be included on the list of shareholders.

Shareholders may vote in person at the Meeting or any adjournment thereof, or they may appoint another person (who need not be a shareholder) as their proxy to attend and vote in their place.

**DATED** this 16<sup>th</sup> day of September 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“David Mullen”*

**David Mullen**

Chairman



## MANAGEMENT INFORMATION CIRCULAR

For the Annual General and Special Meeting of Shareholders  
to be held on October 25, 2021

### PROXIES

#### Solicitation of Proxies

This management information circular and proxy statement ("**Information Circular**") is furnished in connection with the solicitation of proxies by or on behalf of the management of Cordy Oilfield Services Inc. (the "**Corporation**") for use at the Annual General and Special Meeting of its shareholders (the "**Meeting**") to be held on October 25, 2021 at 9:00 a.m. (Calgary time) at the offices of the Corporation at 5366 – 55 Street SE, Calgary, Alberta and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting. Only shareholders of record as of the close of business on September 20, 2021 (the "**Record Date**") will be entitled to vote at the Meeting, unless after the Record Date a holder of record has transferred any shares and the transferee shareholder establishes ownership to the shares and demands, not later than 10 days before the Meeting, that the transferee's name be included on the list of shareholders.

Solicitation of proxies will be primarily by mail, but may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons. The cost of the solicitation of proxies will be borne by the Corporation.

#### Advice to Beneficial Holders of Common Shares

**The information set forth in this section is of significant importance to you if you do not hold your common shares ("Common Shares") in your own name.** Shareholders who do not hold their Common Shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the shareholder's name. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Applicable regulatory policy requires intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every intermediary and broker has its own mailing procedures and provides its own return instructions to its clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The purpose of the Instrument of Proxy (as defined herein) supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is limited to instructing the registered shareholder (the broker or agent of the

broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically mails a special proxy form to the Beneficial Shareholders and asks them to return such proxy forms to Broadridge, or otherwise communicate voting instructions to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy form from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted at the Meeting.

Beneficial Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Common Shares at the Meeting. **If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), he or she may attend at the Meeting as proxy holder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxy holder for the registered shareholder, should enter their own names in the blank space on the Instrument of Proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting. Beneficial Shareholders who intend to attend the Meeting in person should read “Appointment and Revocation of Proxies” below.

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

This Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting have been sent directly by the Corporation, rather than through an intermediary, to non-objecting beneficial owners under National Instrument 54-101. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### **Appointment and Revocation of Proxies**

An Instrument of Proxy will not be valid for the Meeting, or any adjournment thereof, unless it is completed and deposited with the Corporation's transfer agent, Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at least forty-eight (48) hours, (excluding Saturdays, Sundays and statutory holidays), before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

**The persons named (the “Management Designees”) in the accompanying instrument of proxy (“Instrument of Proxy”) are officers of the Corporation. A shareholder entitled to vote at the Meeting has the right to designate a person (who need not be a shareholder), other than the persons designated in the accompanying Instrument of Proxy, to be their representative at the Meeting.** Such right may be exercised by inserting the name of the appointed representative in the blank space provided in the Instrument of Proxy for that purpose or by submitting another appropriate form of proxy and delivering the same to the transfer agent of the Corporation. A shareholder should notify the

nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's Common Shares are to be voted. The nominee should bring personal identification to the Meeting.

A shareholder who has submitted an Instrument of Proxy or other appropriate form of proxy may revoke it at any time prior to the Meeting. An Instrument of Proxy may be revoked (a) by depositing an instrument in writing executed by the shareholder or by his or her attorney duly authorized in writing, or, if the shareholder is a corporation, in its corporate name under its corporate seal or by an officer or attorney thereof duly authorized in writing, (i) at the registered office of the Corporation or at Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or (ii) by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or at any adjournment thereof, prior to its commencement, or (b) in any other manner permitted by law.

### **Persons Making the Solicitation**

This solicitation is made on behalf of management of the Corporation. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Meeting and this Information Circular and the solicitation of proxies will be borne by the Corporation. In addition to mailing, proxies may be solicited personally, by telephone, facsimile or other proxy solicitation services or by the directors, officers and employees of the Corporation, who will not be remunerated therefore.

### **Voting of Proxies**

The Common Shares represented by proxies in favour of management nominees will be voted on any poll at the Meeting and where the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted in accordance with the specification so made.

**If you do not provide instructions your shares will be voted in favour of the matters to be acted upon as set out herein.** The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. In the event that amendments or variations to matters identified in the Notice of Meeting or any other matters are properly brought before the Meeting or any adjournment thereof, it is the intention of the persons designated in the enclosed Instrument of Proxy to vote in accordance with their best judgment on such matter. At the time of printing this Information Circular the management of the Corporation knows of no such amendment, variation or other matter.

### **Quorum**

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders if a holder or holders of not less than 5% of the shares entitled to vote at a meeting of shareholders are present in person or by proxy.

## **APPROVAL OF MATTERS**

Approval of matters to be placed before the Meeting is by an “**ordinary resolution**”. In order to be effective, an ordinary resolution requires the approval of a simple majority (50% plus 1) of the votes cast by shareholders of the Corporation present and entitled to vote in person or by proxy.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares. As of September 16, 2021, the effective date of this Management Information Circular (the “**Effective Date**”), there were 231,161,981 Common Shares issued and outstanding.

Holders of Common Shares of record at the close of business on September 20, 2021 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held, except to the extent that, (a) the holder has transferred the ownership of any Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that the transferee owns the Common Shares, and demands not later than 10 days before the day of the Meeting that his or her name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his or her Common Shares at the Meeting.

To the best of the knowledge of the Corporation’s directors and the executive officers, the only persons who beneficially own directly or indirectly, or exercise control or direction over Common Shares carrying more than 10% of the votes attached to all of the issued and outstanding Common Shares, are as follows:

Name	Number of Common Shares Owned or Controlled at the Effective Date	Percent of Outstanding Common Shares <sup>(1)</sup>
David Mullen <sup>(2)</sup>	27,169,534	11.8%
1279107 Alberta Ltd. <sup>(3)</sup>	25,000,000	10.8%

**Notes:**

- (1) A total of 231,161,981 Common Shares were issued and outstanding as of the Effective Date.
- (2) 26,334,534 of these Common Shares are held by Lyncorp International Ltd., a corporation wholly-owned by David Mullen, current Chairman and a Director of the Corporation.
- (3) 1279107 Alberta Ltd. is wholly-owned by Craig Heitrich, the Vice President and Chief Operating Officer of the Corporation.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

Management and the board of directors of the Corporation (the “**Board**”) are not aware of any other matters to come before the Meeting other than those set out in this Notice of Meeting.

### **1. Presentation of Financial Statements**

The consolidated financial statements of the Corporation for the year ended December 31, 2020, together with the auditor’s report on those financial statements, will be placed before the Meeting. These financial statements are available on the Internet on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

The Board has approved all of the information in the audited financial statements of the Corporation for the year ended December 31, 2020 and the report of the auditor thereon. The approval of the shareholders is not required in relation to the financial statements.

### **2. Fix Number of Directors to be Elected at the Meeting**

The Board has resolved that the number of directors for the ensuing year be set at three (3). Accordingly, it is proposed that shareholders of the Corporation consider and, if deemed advisable, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at three (3).

At the Meeting, it will be proposed that three (3) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at three (3).**

### 3. Election of Directors

The Corporation currently has three directors and all of these directors are being nominated for re-election at the Meeting. Each of the following directors will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the Act to which the Corporation is subject. The following table sets forth the name, municipality of residence, office, principal occupation during the past five years, and the number and percentage of Common Shares beneficially owned or controlled by each of the nominated directors of the Corporation.

**It is the intention of the persons named in the accompanying Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote FOR the election of the nominees described below as directors of the Corporation.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Business Corporations Act* (Alberta) to which the Corporation is subject.

Name, Municipality of Residence, Office and Date became a Director	Principal Occupation and Positions Held During the Past Five Years	Number and % of Common Shares Beneficially Owned or Controlled as at the Effective Date <sup>(1)(2)</sup>
<p><b>David Mullen</b><sup>(3)</sup></p> <p>Calgary, Alberta</p> <p>Chairman and Director since August 8, 2005</p>	<p>Mr. Mullen is currently the Chairman of the Board. Prior to joining the Corporation, Mr. Mullen spent 27 years in various capacities with Mullen Trucking LP. At the time of his departure, he was Senior Vice President of Mullen Trucking LP located in Aldersyde, Alberta. Mr. Mullen was appointed to the Mullen Group Ltd. Board of Directors in May 2011.</p>	<p>27,169,534<sup>(6)</sup> (11.8%)</p>
<p><b>Timothy H. Urquhart</b><sup>(3)(4)(5)</sup></p> <p>Victoria, British Columbia</p> <p>Director since August 17, 2011</p>	<p>Mr. Urquhart has over 35 years of senior business experience in the Canadian Building Materials Industry. He is currently the President of Slegg Building Materials, a position he has held since 2014. Slegg is a 71 year old company and is the largest distributor of building products on Vancouver Island serving General Contractors, Land Developers and Applicators involved in new construction and renovation markets. Prior to Slegg, he was CEO of the TIM-BR MART Group of Companies. He successfully led the company through an aggressive growth strategy, taking them from being a Western Canadian regional company to a coast to coast national player with sales over \$2 billion. Mr. Urquhart has completed the Directors Education Program at the University of Calgary – Haskayne School of Business and is a member of the Institute of Corporate Directors.</p>	<p>240,000 (less than 1%)</p>
<p><b>Stuart King</b><sup>(3)(4)(5)</sup></p> <p>Calgary, Alberta</p> <p>Director since May 23, 2018</p>	<p>Mr. King has over 23 years of accounting and finance experience. Since December 2017, Mr. King has held the title of Chief Financial Officer for CWC Energy Services Corp. Previously between November 2010 and May 2017, Mr. King was the Vice President, Finance and Controller of Canadian International Oil Corp., a private oil and gas company. Prior to Canadian International Oil Corp., Mr. King was the Acting Chief Financial Officer and Controller of Mahalo Energy, a public oil and gas company with</p>	<p>Nil</p>

Name, Municipality of Residence, Office and Date became a Director	Principal Occupation and Positions Held During the Past Five Years	Number and % of Common Shares Beneficially Owned or Controlled as at the Effective Date <sup>(1)(2)</sup>
	operational assets in the U.S. Mr. King holds a Bachelor of Commerce degree from the University of Calgary, and is a Chartered Professional Accountant in Alberta.	

**Notes:**

- (1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, based upon information furnished to the Corporation by the above individuals.
- (2) A total of 231,161,981 Common Shares were issued and outstanding as at the Effective Date.
- (3) Member of the Audit Committee.
- (4) Member of the Governance and Compensation Committee.
- (5) Member of the Nominating Committee.
- (6) 26,334,534 of these shares are held by Lyncorp International Ltd., a company wholly-owned by David Mullen.

***Cease Trade Orders***

No proposed director, within 10 years before the date of this Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

***Bankruptcies***

No proposed director, within 10 years before the date of this Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

***Personal Bankruptcies***

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

***Penalties and Sanctions***

No proposed director has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director,

other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **4. Appointment of Auditor**

The shareholders of the Corporation will be asked to vote for the re-appointment of KPMG LLP, Chartered Accountants, as auditor of the Corporation and to authorize the directors to fix their remuneration.

**Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing KPMG LLP, as auditor of the Corporation for the next ensuing year, to hold office until the close of the next annual general meeting of shareholders or until KPMG LLP is removed from office or resigns as provided by the Corporation's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the Board of Directors to fix the compensation of the auditor.**

#### **5. Re-Approval of Stock Option Plan**

The Corporation has a stock option plan (the "**Plan**") previously approved by the shareholders of the Corporation on July 10, 2019. A copy of the Plan is attached as Schedule "C" to this Information Circular.

The Plan shall be administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries are eligible to participate in the Plan. The aggregate number of Common Shares which may be reserved for issuance under the Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares, subject to the following additional limitations:

- (a) the aggregate number of Common Shares reserved for issuance to any one person in a 12 month period under the Plan, together with all other security based compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Shares (on a non-diluted basis);
- (b) in the aggregate, no more than 10% of the issued and outstanding Common Shares (on a non-diluted basis) may be reserved at any time for insiders under the Plan, together with all other security based compensation arrangements of the Corporation;
- (c) the number of securities of the Corporation issued to insiders, within any 12 month period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares;
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares of the Corporation in any 12 month period to any one consultant of the Corporation (or any of its subsidiaries); and
- (e) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any 12 month period to persons employed to provide investor relations activities. 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  $\frac{1}{4}$  of the options vesting in any 3 month period.

The number of Common Shares subject to an option to a participant shall be determined by the Board, but no participant shall be granted an option which exceeds the maximum number of shares permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The exercise price of the Common Shares covered by each option shall be determined by the Board, provided however, that the exercise price shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The maximum length any option shall be 10 years from the date the option is granted, provided that participant's options expire 90 days after a participant ceases to act for the Corporation, subject to extension at the discretion of the Board, except upon the death of a participant, in which case the participant's estate shall have 12 months in which to exercise the outstanding options. The Plan includes a provision that should an option expiration date fall within a blackout period or immediately following a blackout period, the expiration date will automatically be extended for 10 business days following the end of the blackout period. The Board has the absolute discretion to amend or terminate the Plan.

On July 7, 2020, the Plan was amended by the Board, pursuant to the terms of the Plan and without the need for shareholder approval, to (i) clarify that the 5% aggregate limit of options granted to any one person is within a 12 month period; (ii) provide for certain amendment to the provisions of Section 18 - Amendment and Termination of the Plan, in accordance with the rules of the TSX Venture Exchange; and (iii) provide for certain other amendments of a non-material "housekeeping" nature.

Policy 4.4 of the TSX Venture Exchange Inc. (the "Exchange") requires that rolling stock option plans must receive shareholder approval yearly, at an issuer's annual general meeting. In accordance with Policy 4.4, shareholders will be asked to consider and if thought fit, approve an ordinary resolution reapproving, adopting and ratifying the Plan as the Corporation's stock option plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

**"Be it resolved as an ordinary resolution of the Corporation that:**

- 1. the stock option plan of the Corporation be approved substantially in the form attached as Schedule "C" to this Information Circular (the "Plan") and the Plan be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;**
- 2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;**
- 3. the issued and outstanding stock options previously granted shall be continued under and governed by the Plan;**
- 4. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and**
- 5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."**

**It is the intention of the persons named in the accompanying Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote FOR the re-approval of the Plan."**

## 6. Re-Approval of Consolidation of Share Capital

At the Meeting, the shareholders of the Corporation will be asked to consider, and, if thought advisable, to re-approve the consolidation of the Corporation's Common Shares on the basis of one (1) new Common Share for every five (5) Common Shares issued and outstanding immediately prior to the consolidation (the "**Consolidation**"). The Consolidation was previously approved by the shareholders on October 15, 2020. The Corporation is seeking this approval to provide the Corporation with flexibility to proceed with a Consolidation if the Corporation determines that it is in the best interests of the Corporation to consolidate the Common Shares: (i) in order to attract equity financing; or (ii) to facilitate future possible corporate transactions.

All outstanding options and any other securities granting rights to acquire Common Shares of the Corporation will be affected by the Consolidation in accordance with the adjustment provisions contained in the instruments giving rise to the issuance of such securities. Management would like the consent of the shareholders to not proceed with the Consolidation in the event that the special resolution is passed by the shareholders at the Meeting and management subsequently concludes that it would not be in the best interests of the Corporation to proceed with the Consolidation. The Consolidation is subject to the approval of the TSXV.

The shareholders of the Corporation will be asked to consider, and if thought advisable, to approve a special resolution to amend the Articles of the Corporation with respect to the Consolidation. The Board of Directors believes that the Consolidation is in the best interests of the Corporation and therefore unanimously recommends that Shareholders vote in favour of the special resolution.

The text of the special resolution to be voted on at the Meeting by the Shareholders is set forth below.

**"BE IT RESOLVED as a special resolution of the Corporation that:**

- 1. the Corporation's Common Shares be consolidated on the basis of one (1) new Common Share for every five (5) Common Shares issued and outstanding immediately prior to the consolidation, (the "Consolidation") with the exact ratio to be determined by the Board of Directors;**
- 2. shareholders shall not receive fractional shares as a result of the Consolidation and the number of Common Shares held by each shareholder at the time of the Consolidation shall be rounded to the nearest whole number of Common Shares;**
- 3. the Articles of the Corporation be amended with respect to the Consolidation;**
- 4. the Board of Directors may, at its sole discretion, decide to not act on this special resolution without further approval or authorization from the shareholders of the Corporation; and**
- 5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this special resolution."**

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the special resolution approving the Consolidation.** In order to be effective, the special resolution in respect of the approval of the Consolidation requires approval of not less than two thirds (2/3) of the votes cast by Shareholders who vote in respect of such special resolution.

## EXECUTIVE COMPENSATION

### Compensation Philosophy

The Corporation's executive compensation program is intended to align with and support an appropriate relationship between executive pay and the creation of shareholder value. The objectives of the program are:

- To the extent possible, provide compensation comparable to similar companies in the energy services and construction industries thereby enabling the Corporation to attract and retain well-qualified people.
- To link executive compensation to performance and provide annual incentives for achieving certain operating results and profitability from the individual operating entities.
- To provide optimum returns on invested capital while mitigating risk to the business and the balance sheet
- To align the interests of executives with those of the shareholders by utilizing option awards whose value over time depends upon the market value of the Common Shares.

The Corporation does not have any policy in place to permit an executive officer or director to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

The Compensation Committee considered the implication of risks associated with the Corporation's compensation policies and to that end approved a short term incentive plan, as discussed below, that provides higher incentive payments in a business cycle peak, with lower incentive payments in the business cycle trough.

### Elements of Total Compensation

The Corporation compensates its executive officers primarily through base salary, performance-based incentives and long-term equity-based incentives, that being participation in the Plan. In addition, the executive officers participate in the Corporation's benefit programs, health, extended healthcare and dental coverage, on the same basis that such benefits are offered to all employees of the Corporation.

#### ***Base Salary***

Base salary is the principal component of executive compensation. Base salary for each executive officer is established on the basis of the position held and the related responsibilities and functions performed by the executive officer, having regard to the base salary ranges of the Corporation's peer group.

#### ***Short Term Incentive Plan***

The specific factors considered in calculating the performance-based variable pay include shareholder returns, operational and financial results, business turnarounds, new products and business ventures started, safety results, insurance claims and employee retention among other things.

For the fiscal year ended December 31, 2020, a total of \$nil bonuses were paid to executive officers. For the fiscal year ended December 31, 2019, a total of \$nil in bonuses were paid to executive officers.

### ***Long-Term Equity Based Incentives***

A key component of the Corporation's compensation strategy is based on long-term incentives for employees, officers and directors which are provided through participation in the Plan. The Plan provides an opportunity for employees, executive officers, directors and contractors, to participate in the growth in market value of the Common Shares on a basis consistent with the above principles and objectives. In determining the number of options to be granted to an executive, the number and terms of options previously granted, individual and team responsibilities and functions, individual performance and projected contribution are considered. During the year ended December 31, 2020, no stock options were granted to executive officers and directors.

### **Compensation Review Process**

The Compensation Committee met with management to review management's recommendations for base salary for the Corporation's executives for 2020 and bonus payments to the Corporation's executives based on the prior year's performance measurements. The Compensation Committee then met independently to consider these recommendations. In the normal course, the quantitative factors considered by management and the compensation committee include achieving a threshold rate of return (earnings before tax, "EBT") on invested capital in each operating business unit, before any performance based variable compensation is calculated in that business unit. These quantitative factors are then subject to a subjective component is to allow management, the Compensation Committee and the Board to take into account and reward people for actions taken to create value that does not directly show up in the current year's performance measures. However, low commodity prices, in particular low oil and gas prices, and the decreased demand for the Corporation's services resulted in management and the Compensation Committee being focused through the course of the review of executive compensation on cost saving initiatives that could be undertaken in order for the Corporation to be competitive in its marketplace.

### **Compensation Committee**

The Corporation has a Compensation Committee, presently comprised of David Mullen, Timothy H. Urquhart and Stuart King.

Each committee member has considerable experience in senior management positions. Each has participated in education and seminars to enhance their experience in the area of executive compensation. Mr. Urquhart has completed the Institute of Corporate Directors Education Program which included intensive sessions on both short and longer-term incentive plan strategies. The committee members believe they are capable of reviewing and assessing the Corporation's compensation policies, practices and risks.

### **Compensation Committee Mandate**

The Compensation Committee is responsible for making recommendations to the Board relating to compensation of directors, the Chief Executive Officer ("CEO") and other executive officers. This mandate includes satisfying itself, on behalf of the Board that the Corporation's CEO, executive officers and executive compensation strategy, plans, policies and practices are consistent with:

- Attracting and retaining experienced personnel who are incentivized to continually focus on generating profitable growth of the Corporation's businesses;
- Sustainable achievement of the Corporation's business objectives;
- Prudent management of the Corporation's operations and the risks to which it is exposed;
- Contributions made toward the Corporation's success; and
- Compensation paid to an appropriate peer group.

In carrying out its mandate, the Compensation Committee is expected to:

- Annually review the CEO Mandate and Level of Authority and set performance objectives for

the CEO and executive officers which encourages the Corporation's long-term financial success;

- Establish and implement a CEO evaluation process that regularly measures performance against performance objectives;
- Determine the recommended competitive compensation for the CEO that meets the Corporation's hiring, retention and performance objectives;
- Review and approve all material special benefits and perquisites for the CEO;
- Review the "Report on Executive Compensation" for publication in public disclosure documents;
- Review management succession and management development plans; and
- Evaluate the performance of the Compensation Committee annually.

### Compensation of the Chief Executive Officer

Darrick Evong's annual compensation, long-term compensation and other compensation are disclosed in the Summary Compensation Table set out below and are annually reviewed by the Corporation's Compensation Committee. In determining an appropriate level of compensation, the Compensation Committee subjectively and quantitatively analyzes Mr. Evong's performance, the Corporation's overall corporate performance and his contribution to that performance.

### Summary Compensation Table

The following table sets forth all annual and long term compensation for the three most recently completed financial years for services in all capacities to the Corporation and its subsidiaries, if any, in respect of individual(s) who were acting as, or were acting in a capacity similar to, a chief executive officer or chief financial officer and the three most highly compensated executive officers whose total compensation exceeded \$150,000 per annum (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended December 31	Salary (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Darrick Evong <sup>(3)</sup> CEO	2020	250,000	Nil	Nil	Nil	Nil	Nil	Nil	250,000
	2019	225,000	Nil	Nil	Nil	Nil	Nil	Nil	225,000
	2018	200,000	Nil	Nil	50,000	Nil	Nil	Nil	250,000
Amber Johnson <sup>(4)</sup> CFO	2020	33,656	Nil	Nil	Nil	Nil	Nil	Nil	33,656
Craig Heitrich <sup>(5)</sup> COO	2020	157,380	Nil	Nil	Nil	Nil	Nil	Nil	157,380

**Notes:**

- (1) "Share-Based Award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) "Option-Based Award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (3) On October 3, 2019, Mr. Evong was appointed as Interim CFO, replacing Luke Caplette.
- (4) Ms. Johnson was appointed CFO of the Corporation on October 5, 2020 and submitted her resignation effective October 1, 2021.
- (5) Mr. Heitrich was appointed COO of the Corporation on March 18, 2020.

## **Incentive Plan Awards**

### ***Outstanding share-based awards and option-based awards as at December 31, 2020***

No share-based awards have been provided to the Named Executive Officers.

### ***Incentive Plan Awards - Value vested or earned during the year ended December 31, 2020***

No share-based awards have been provided to the Named Executive Officers.

## **Narrative Discussion**

The Corporation has a Plan previously approved by the shareholders of the Corporation on July 10, 2019. The significant terms of the Plan are disclosed in this Information Circular under "MATTERS TO BE ACTED UPON AT THE MEETING - Re-approval of Stock Option Plan".

## **Pension Plan Benefits**

The Corporation does not have any deferred compensation, pension, or retirement plans.

## **Termination and Change of Control Benefits**

Other than as set forth below, the Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer's responsibilities.

The Corporation has entered into an executive employment agreement with Mr. Evong in respect of his role as the Corporation's Chief Executive Officer (the "Employment Agreement"). In accordance with the terms of the Employment Agreement:

a) if terminated without just cause, and in exchange for a signed release, Mr. Evong is entitled to receive a lump sum severance payment equivalent to two (2) times his annual base salary, plus a lump sum equal to 20% of Mr. Evong's then annual salary in lieu of health, medical and dental benefits, plus two (2) times the greater of the cash bonuses paid in respect of the last two calendar years, plus any accrued but unpaid vacation entitlement earned up to the date of termination, and subject to all statutory deductions; and

b) upon the occurrence of a change of control and subsequent triggering event, and in exchange for a signed release, Mr. Evong is entitled to receive a lump sum severance payment equivalent the higher of to two (2) times his annual base salary in effect on the change of control or in effect on the date of termination, plus a lump sum equal to 20% of Mr. Evong's then annual salary in lieu of health, medical and dental benefits, plus two (2) times the greater of the cash bonuses paid in respect of the last two calendar years, plus any accrued but unpaid vacation entitlement earned up to the date of termination, and subject to all statutory deductions.

For the financial year ended December 31, 2020, Mr. Evong would have been entitled to \$650,000 (plus any accrued but unpaid vacation entitlement earned up to the date of termination) upon his termination without cause, or upon the occurrence of a change of control and subsequent triggering event.

The Employment Agreement also contains non-competition and non-solicitation clauses.

## DIRECTOR COMPENSATION

During the financial year ended December 31, 2020, the Corporation had three directors, none of which were also Named Executive Officers. Michael Smith ceased to be a director on May 26, 2020 and Ricky Manhas ceased to be a director on June 23, 2020.

### Director Compensation Table

The following table sets forth all compensation provided to directors who were not also Named Executive Officers (“**Outside Directors**”) of the Corporation for the financial year ended December 31, 2020.

Name	Fees Earned (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
David Mullen	14,250	Nil	Nil	Nil	Nil	Nil	14,250
Timothy H. Urquhart	14,250	Nil	Nil	Nil	Nil	Nil	14,250
Stuart King	14,250	Nil	Nil	Nil	Nil	Nil	14,250
Michael Smith <sup>(3)</sup>	5,750	Nil	Nil	Nil	Nil	Nil	5,750
Ricky Manhas <sup>(4)</sup>	5,750	Nil	Nil	Nil	Nil	Nil	5,750

#### Notes:

- (1) “Share-Based Award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock
- (2) “Option-Based Award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. Value based on the fair market value of the stock options granted having a value of approximately \$0.12 based on the Black-Scholes pricing model using weighted average assumptions of: risk-free interest rate – 1.40%; expected volatility –118%; dividend yield – 0%; and expected life of each option granted – 5 years.
- (3) Mr. Smith was appointed as a director on July 10, 2019 and ceased to be a director on May 26, 2020.
- (4) Mr. Manhas was appointed as a director on July 10, 2019 and ceased to be a director on June 23, 2020.

### Narrative Discussion

All Outside Directors were paid a quarterly fee of \$2,500. Outside Directors were also paid \$500 for attendance at Board meetings in person and \$500 for attendance at Board meetings by phone. The Chairperson of the Audit Committee and the Governance and Compensation Committee (being Stuart King) was paid no additional annual amount. Members of the Audit Committees were paid a quarterly fee of \$500 and \$250 for additional meetings outside of Board meetings. Members of the Compensation and Governance committee were paid a quarterly fee of \$250 and \$250 for per meeting.

### Incentive Plan Awards

#### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Outside Director of the Corporation as of December 31, 2020, including awards granted before the most recently completed financial year. No share-based awards have been provided to the Outside Directors.

<b>Option-based Awards</b>				
<b>Name</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the money options (\$)<sup>(1)(2)</sup></b>
<b>David Mullen</b>	Nil	Nil	Nil	Nil
<b>Timothy H. Urquhart</b>	Nil	Nil	Nil	Nil
<b>Stuart King</b>	Nil	Nil	Nil	Nil

**Notes:**

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2020, the last day the Common Shares were traded on the TSX Venture Exchange during 2020, being \$0.02 per Common Share, and the exercise price of the options.

**Incentive Plan Awards - Value Vested or Earned During the Year**

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the year ended December 31, 2020 for each Outside Director. No share-based awards have been provided to the Outside Directors.

<b>Name</b>	<b>Option-Based Awards - Value vested during the year (\$)</b>	<b>Non-Equity Incentive Plan Compensation - Value earned during the year (\$)</b>
<b>David Mullen</b>	Nil <sup>(1)</sup>	Nil
<b>Timothy H. Urquhart</b>	Nil <sup>(1)</sup>	Nil
<b>Stuart King</b>	Nil <sup>(1)</sup>	Nil

**Note:**

- (1) Based on the difference between the market price of the options at the vesting date and the exercise price.

**Narrative Discussion**

No stock option were granted to Outside Directors in 2020.

**Other Compensation**

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full-time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed financial year.

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of Common Shares remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column (1))<sup>(1)</sup></b>
Equity compensation plans approved by securityholders	Nil	Nil	20,616,198
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	Nil	Nil	20,616,198

**Note:**

- (1) The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. As at December 31, 2020, the number of Common Shares issued and outstanding was 231,161,981.

## **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

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

### **1. Board of Directors**

The Corporation's Board currently consists of three persons, all of whom are independent. The Board is responsible for the stewardship of the Corporation and for monitoring the actions of, and providing overall leadership, guidance and direction to, management. As the Board of Directors is comprised of independent directors, each of whom has significant experience in, and an understanding of the role and responsibilities of acting as a director, the independent directors believe that they collectively provide active and appropriate leadership amongst themselves with respect to stewardship of the Corporation. In Camera sessions of non-management directors occur at board meetings and through this process initiatives may be formulated by the independent directors.

The Board of Directors and senior management of the Corporation consider good corporate governance to be central to the effective operation of the Corporation and are committed to maintaining a high standard of corporate governance. During 2020, the Board and the Corporation devoted attention and resources to reviewing the Corporation's corporate governance practices and ensuring that the Corporation's system of corporate governance meets applicable legal requirements.

The Board of Directors and the Corporation have adopted Corporate Governance Guidelines, a Code of Conduct (which is applicable to all directors, officers and employees of the Corporation), and both a CEO and CFO Code of Ethics. The Code of Conduct sets out in detail the purpose, scope and application of the Code and outlines general principles by which the Corporation is governed.

The Board of Directors has delegated primary responsibility for the development of certain governance practices and mechanisms to the Governance Committee. The Governance Committee's guidelines provide that the responsibilities of this committee include: (i) establishing and reviewing member characteristics for the Board of Directors; (ii) evaluating, identifying and recommending nominees to the Board of Directors; (iii) monitoring and reviewing the education and development of members of the Board of Directors; (iv) recommending directors to serve as committee members and chairs; (v) reviewing and developing corporate governance guidelines, policies and procedures for the Board of Directors; (vi) establishing and implementing evaluation processes for the Board of Directors, committees and chairs; (vii) establishing procedures for the engagement of independent counsel by a director; (viii) reviewing

disclosure by the Corporation of matters within the committee's mandate; and (ix) reviewing and evaluating the committee's guidelines.

The following director of the Corporation is presently a director of other reporting issuers.

Name	Name of Reporting Issuer
David Mullen	Mullen Group Ltd.

Since January 1, 2020, the beginning of the Corporation's most recently completed financial year, until December 31, 2020, the Board of Directors held 5 meetings: March 18, April 15, August 27 and November 26. The following is a record of attendance for each director at these Board meetings:

Director	Number of Board Meetings Attended / Total Number of Board Meetings Held
David Mullen	5/5 (100%)
Timothy H. Urquhart	5/5 (100%)
Stuart King	5/5 (100%)
Michael Smith <sup>(1)</sup>	2/2 (100%)
Ricky Manhas <sup>(2)</sup>	2/2 (100%)

**Notes:**

- (1) Mr. Smith was appointed as a director on July 10, 2019 and ceased to be a director on May 26, 2020.  
 (2) Mr. Manhas was appointed as a director on July 10, 2019 and ceased to be a director on June 23, 2020.

## 2. Board Mandate

The Board of Directors has adopted a formal mandate for itself, a copy of which is attached to this Information Circular as Schedule "A".

## 3. Position Descriptions

The Board of Directors has developed written position descriptions for the chair and the chair of each board committee.

The Board of Directors has also developed a written position description for the CEO of the Corporation. The CEO's fundamental responsibility is the general direction and successful management of the business and affairs of the Corporation in accordance with the corporate strategy and objectives approved by the Board, within the authority limitations delegated by the Board. The CEO's mandate includes:

- Corporate Strategy and Objectives
- Operational Effectiveness
- Integrity/Corporate Conduct
- Board Communication

In addition, the Board has set Levels of Authority for the CEO.

## 4. Orientation and Continuing Education

Upon joining the Board, a new director will be provided with a Board manual that includes all the Board and committee guidelines, mandates, corporate policies, relevant position descriptions, organizational structure and the structure of the Board and its committees. In addition, any new director will receive

presentations with respect to the operations of the Corporation. As part of continuing education, the Board receives management presentations with respect to the operations and risks of the business at least four times per year, with a more significant presentation provided in conjunction with the annual budgeting process. In addition, presentations are made to the Board on an ongoing basis. Individual directors are invited to identify their continuing education needs through a variety of means, including discussions with management and at Board and committee meetings.

## **5. Ethical Business Conduct**

The Board of Directors has adopted a number of policies including those related to insider trading and reporting, disclosure and confidentiality, and a whistleblower policy. The whistleblower policy provides employees and third parties with the ability to report, on a confidential and anonymous basis, any violations within the Corporation including, but not limited to, falsification of financial records, unethical conduct, harassment or theft. Reports may be filed anonymously by telephone or the internet. The Board believes that providing a forum to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct within the Corporation.

## **6. Nomination of Directors**

The responsibility for identifying new candidates for Board nomination has been delegated to the Nominating Committee. The Nominating Committee is comprised of Timothy H. Urquhart and Stuart King.

If a vacancy occurs on the Board of Directors, the Nominating Committee will, in consultation with the CEO, identify candidates who satisfy the skills, characteristics, criteria and the long-term plan for the composition of the Board of Directors established by the committee. The Nominating Committee will recommend candidates to the Board for appointment to fill the vacancy.

The mandate of the Nominating Committee is to assist the Board in carrying out its responsibilities by identifying individuals qualified to become Board members and recommending to the Board proposed nominees for election to the Board at the next annual meeting of shareholders.

## **7. Compensation**

The Compensation Committee is composed entirely of independent directors. The members of the Compensation Committee are listed under "*MATTERS TO BE ACTED UPON AT THE MEETING - Election of Directors*". The responsibilities of the Compensation Committee include reviewing the CEO mandate and level of authority and setting performance objectives for the CEO, establishing and implementing a CEO evaluation process, determining the recommended competitive compensation for the CEO that meets the Corporation's hiring, retention and performance objectives, reviewing and approving all material special benefits and perquisites for the CEO, reviewing management succession and management development plans and evaluating the performance of the committee annually.

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

## **8. Other Board Committees**

In addition to the Audit Committee, as described below, and the Nominating Committee and the Compensation Committee, as described above, the Corporation also has a Governance Committee.

The mandate of the Governance Committee is to develop and recommend to the Board an on-going set of best practice governance principles aimed at fostering a healthy governance culture at the Corporation, communicating effectively with the shareholders of the Corporation, other interested parties and the public in accordance with all applicable laws and regulations, keeping abreast of the latest regulatory requirements, trends and guidance in corporate governance and overseeing the annual evaluation of the Board and its committees.

## 9. Assessments

The Governance Committee has developed criteria and an evaluation process to assess the effectiveness of the Board as a whole, each Committee and the contribution of individual directors. The evaluation process has three components: (i) an assessment of the Board performance and the effectiveness of the Board; (ii) an assessment of the Board committees, including the Governance Committee; and (iii) an individual director self-evaluation. The director self-evaluation provides each director with the opportunity to reflect on his or her contribution and their alignment with the expectations of a Cordy director.

The Governance Committee will review and evaluate the results of the evaluations annually and make recommendations thereon to the full Board. Committees will each evaluate their own performance on an annual basis and identify any areas where improvement is desired.

The Governance Committee will also assess the effectiveness of the working relationship and communications between the Board and management of Cordy.

### AUDIT COMMITTEE

The Audit Committee is a committee of the Board of Directors to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the shareholders, the relationship between the Corporation and the external auditor. The Audit Committee of the Board of Directors meets with the auditors of the Corporation without management, with management without the auditors, and with the Chief Financial Officer without the auditors and management.

The terms of reference of the Audit Committee are attached as Schedule "B" attached to this Information Circular.

#### Audit Committee Composition

The following are the members of the Audit Committee.

Stuart King	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Timothy H. Urquhart	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
David Mullen	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>

**Note:**

(1) As defined by National Instrument 52-110 ("NI 52-110")

#### Relevant Education and Experience

All of the members of the Audit Committee have been either directly involved in the preparation of the financial statements, filing of the quarterly and annual financial statements, and dealing with the auditors, or involved as a member of the Audit Committee. All members have the ability to read, analyze, and understand the complexities surrounding the issuance of financial statements.

David Mullen is currently the Chairman of the Board of the Corporation. Prior to joining the Corporation, Mr. Mullen spent 27 years in various capacities with Mullen Trucking LP. At the time of his departure, he was Senior Vice President of Mullen Trucking LP located in Aldersyde, Alberta. Mr. Mullen was also appointed to the Mullen Group Ltd. Board of Directors in May 2011.

Stuart King has over 23 years of accounting and finance experience. Since December 2017, Mr. King has held the title of Chief Financial Officer for CWC Energy Services Corp. Previously between November 2010 and May 2017, Mr. King was the Vice President, Finance and Controller of Canadian International Oil Corp., a private oil and gas company. Prior to Canadian International Oil Corp., Mr. King was the

Acting Chief Financial Officer and Controller of Mahalo Energy, a public oil and gas company with operational assets in the U.S. Mr. King holds a Bachelor of Commerce degree from the University of Calgary, and is a Chartered Professional Accountant in Alberta.

Timothy H. Urquhart has over 35 years of senior business experience in the Canadian Building Materials Industry. He is currently the President of Slegg Building Materials, a position he has held since 2014. Slegg is a 71 year old company and is the largest distributor of building products on Vancouver Island serving General Contractors, Land Developers and Applicators involved in new construction and renovation markets. Prior to Slegg, he was CEO of the TIM-BR MART Group of Companies. He successfully led the company through an aggressive growth strategy, taking them from being a Western Canadian regional company to a coast to coast national player with sales over \$2 billion. Mr. Urquhart has completed the Directors Education Program at the University of Calgary – Haskayne School of Business and is a member of the Institute of Corporate Directors.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted certain policies and procedures for the engagement of non-audit services which are described in the Audit Committee terms of reference attached as Schedule "C" to this Information Circular.

### **External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit, quarterly review and other fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2020	\$48,150	Nil	Nil	Nil
2019	\$38,000	Nil	Nil	Nil

### **Exemption**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

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

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction which has or will materially affect the Corporation.

On March 18, 2020, the Corporation completed the acquisition (the "Acquisition") of the assets and business of Platinum North Resources Ltd. ("**Platinum North**") and Heart River Holdings (2011) Ltd. ("**HRH**"). HRH and 1279107 Alberta Ltd. ("**107**") are considered related parties, as each are wholly-owned by Craig Heitrich, the current Chief Operating Officer of the Corporation. Craig Heitrich, through 107, holds approximately 10.8% of the Corporation's outstanding common shares. In connection with the Acquisition, the Corporation issued 25,000,000 million common shares to 107 and \$1.0 million in promissory notes, and entered into an employment arrangement whereby Mr. Heitrich assumed the role of Chief Operating Officer at the Corporation. At the time of the Acquisition, the Corporation and Platinum North, HRH and Craig Heitrich were considered arm's length parties and all transactions were measured at the exchange amount.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

## MANAGEMENT CONTRACTS

No management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

## OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## GENERAL

**Unless otherwise directed, it is management's intention to vote proxies in favor of the resolutions set forth herein.**

## ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information on the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Corporation at 5366 55 Street SE, Calgary Alberta, T2C 3G9, Attention: Chief Executive Officer, to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

**BOARD APPROVAL**

The contents and the sending of this Information Circular have been approved by the Board of Directors of the Corporation.



## Schedule "A"

### Board of Directors Mandate

#### Introduction

The Board of Directors (Board) is responsible under law for the management of Cordy's business and its affairs. It has the statutory authority and obligation to protect and enhance the assets of Cordy in the interest of all shareholders. Although Directors are elected by the shareholders to bring special expertise or a point of view to Board deliberations, the best interests of Cordy must be paramount at all times.

Subject to the Articles and By-Laws of Cordy, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board, appointing committees and determining Director compensation.

As the Board has overall plenary power, this mandate is not intended to limit the powers of the Board but to assist the Board in the exercise of its powers and the fulfillment of its duties.

The fundamental responsibility of the Board is to appoint a competent executive team and to provide independent, effective leadership to supervise the management of Cordy's business and affairs and to grow value responsibly, in a profitable and sustainable manner.

#### Responsibilities

##### 1. Legal Requirements

The Board is responsible for taking all reasonable steps to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained.

Canadian law identifies the following as legal requirements for the Board to:

- Manage the business and affairs of Cordy;
- Act honestly and in good faith with a view to the best interests of Cordy;
- Exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances; and
- Act in accordance with its obligations contained in the *Business Corporations Act* (Alberta), the Securities Act of each province and territory of Canada, other relevant legislation and regulations, and Cordy's Articles and By-Laws.

In particular, it should be noted that the following matters must be considered by the Board as a whole and may not be delegated to a committee:

- Submission to the shareholders of a question or matter requiring the approval of the shareholders;
- Filling of a vacancy among the Directors or in the office of the external auditor;
- Manner and term for the issuance of securities;
- Declaration of dividends;
- Purchase, redemption or any other form of acquisition of shares issued by Cordy;
- Payment of a commission to any person in consideration of the purchase or agreement to purchase shares of Cordy from Cordy or from any other person, or procuring or agreeing to procure purchasers for any such shares;
- Approval of management proxy circulars;
- Approval of any take-over bid circular or Directors' circular;
- Approval of the financial statements of Cordy; and
- Adoption, amendment or repeal of By-Laws of Cordy.

## **2. Reporting to Shareholders**

- Cordy is in compliance with all continuous disclosure and public reporting requirements;
- Cordy has in place an effective reporting and communications program with all shareholders and stakeholders and to apprise the Board of any major concerns expressed by shareholders;
- The financial performance of Cordy is adequately reported to shareholders, other securityholders and regulators on a timely and regular basis, including the approval of quarterly and annual financial statements;
- The financial results are reported fairly and in accordance with generally accepted accounting principles;
- The timely reporting of any other developments that have a significant and material impact on the value of Cordy; and
- Shareholders are reported to annually on the Board's stewardship for the preceding year.

## **3. Governance**

- Appoint all Committee members;
- Appoint the Chief Executive Officer (CEO), monitor and evaluate the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value, and approve CEO compensation;
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities to ensure a culture of integrity and ethical conduct throughout the organization;
- Ensure that a process is established that adequately provides for management succession and development on a yearly basis;
- Establish limits of authority delegated to management;
- Periodically review Corporate Governance guidelines and amend as required;
- Approve and monitor compliance with all Corporate Governance policies and procedures by which Cordy is operated;
- Ensure systems are in place which are designed to ensure Cordy operates at all times within applicable laws and regulations, and to the highest ethical and moral standards; and
- Ensure that the Board and each of its committees have the ability to retain, at Cordy's expense, independent financial, legal, accounting and other advisors.

## **4. Monitor and Approve**

- Monitor Cordy's progress against its strategic plan and operating and capital budgets, and to revise and alter Cordy's direction through management in light of changing circumstances;
- Approve any payment of dividends and new financings;
- Approve Director compensation;
- Direct management to ensure proper financial reporting and financial control systems are in place; and
- Ensure that a system is in place to identify the principal risks to Cordy's business and to ensure that the best practical procedures are in place to monitor and mitigate the risks. The principle mechanisms through which the Board reviews risks are:
  - On-going reports by the CEO;
  - The strategic planning process; and
  - The Audit Committee.

## **5. Operational Effectiveness and Financial Reporting**

- Ensure there is a strategic planning process and then review, question, validate, and ultimately endorse the strategy and monitor its implementation;
- Review and approve Cordy's objectives and goals, and the strategy by which management proposes to reach those goals; and
- Review and approve the annual operating and capital budgets.

## **Schedule “B”**

### **Audit Committee Terms of Reference**

#### **1. Mandate**

The mandate of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities including:

- Overseeing and monitoring the integrity of Cordy’s accounting and financial processes, financial statements and system of internal controls regarding accounting and financial reporting and accounting compliance;
- Overseeing and monitoring the qualifications, independence and performance of Cordy’s external auditors;
- Overseeing audits of Cordy’s financial statements;
- Overseeing and monitoring Cordy’s compliance with legal and regulatory requirements;
- Providing an avenue of communication among the external auditors, management and the Board;
- Reviewing and approving management’s identification of principal financial risks and monitoring the process to manage such risk; and
- Reporting regularly to the Board.

The Audit Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The Committee shall have unrestricted access to personnel and information, and any resources necessary to carry out its responsibility. The Committee has the authority to engage independent advisors, paid for by Cordy, to help it make the best possible decisions on financial reporting, accounting policies and practices, disclosure practices, and internal controls at Cordy. Engaging independent advisors at the expense of Cordy requires the authorization of the Board Chair or the Chair of the Governance Committee.

#### **2. Reporting**

The Committee shall report to the Board.

#### **3. Composition and Qualifications**

The Audit Committee shall consist of not less than three Directors, the majority of whom shall qualify as Independent Directors within the meaning of applicable laws, rules and regulations and any other relevant consideration as determined by the Board.

Audit Committee members will include only duly-elected Directors and at least one member shall have accounting or related financial management expertise. In particular, at least one member shall have:

- Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- Experience actively supervising a principal financial officer, principal accounting officer, controller public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- Experience overseeing or assessing the performance of companies or public accountants with respect to preparation, auditing or evaluation of financial statements; or
- Other relevant experience.

In addition to the qualities set out for Directors, Audit Committee members should have:

- An understanding of generally accepted accounting principles and financial statements;
- The ability to assess the general application of such principles in connection with the accounting for estimates and accruals;
- Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are relevant to Cordy or experience supervising one or more persons engaged in such activities;
- An understanding of internal controls and procedures for financial reporting; and
- An understanding of Audit Committee functions.

#### **4. Appointment of Committee Members**

Members of the Committee shall be appointed at a meeting of the Board, effective after election of Directors at the annual meeting of shareholders, provided that any member may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board.

The Chair of the Audit Committee shall be appointed annually by the Board.

#### **5. Vacancies**

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

#### **6. Committee Meetings**

The Committee shall meet at least four times annually. The meetings will be scheduled to permit timely review of the interim and annual financial statements. Additional meetings may be held as deemed necessary by the Chair of the Audit Committee or as requested by any member or by the internal or external auditors.

Committee meetings may be held in person, by video conference, by means of telephone or by a combination of any of the foregoing. The Committee can conduct all or part of any meeting in the absence of management.

#### **7. Notice of Meeting**

Notice of the time and place of each meeting may be given orally, or in writing, or by facsimile, or by electronic means to each member of the Committee at least 48 hours prior to the time fixed for such meeting.

A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

#### **8. Quorum**

A majority of Committee members, present in person, by video conference, by telephone or by any combination thereof shall constitute a quorum. In addition, if an ex officio, non-voting member's presence is required to attain a quorum of the Committee, then that member shall be allowed to cast a vote at the meeting.

## 9. Attendance at Meetings

The Committee may, by specific invitation, have other resource persons in attendance. The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

Directors, who are not members of the Committee, may attend Committee meetings, on an ad hoc basis, upon prior consultation and approval by the Committee Chair or by a majority of the Committee.

## 10. Minutes

The Corporate Secretary or some other person designated by the Audit Committee shall be Secretary to the Audit Committee.

The full Board of Directors shall be kept informed of the Committee's activities by a report following each Committee meeting.

## 11. Specific Responsibilities

In carrying out its mandate, the Audit Committee is expected to:

- (a) Financial Controls and Reporting Systems
  - Review reports from management outlining any significant changes in financial risks facing Cordy;
  - Review the management letter (if any) of the external auditors and Cordy's responses to suggestions made;
  - Review any new appointments to executive positions with financial reporting responsibilities;
  - Satisfy itself that Cordy has appropriate systems of internal control for the safeguarding of assets and for financial reporting necessary to ensure compliance with legal and regulatory requirements;
  - Obtain assurance from both internal and external auditors regarding the overall financial control environment and the adequacy of accounting system controls;
  - Satisfy itself that the internal and external audit functions have been effectively carried out and that any matters which the internal or external auditors bring to the Audit Committee's attention are being addressed;
  - Establish procedures for:
    - the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
    - the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters; and
  - Review and approve the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
- (b) Quarterly Financial Statements and Press Releases
  - Review the quarterly financial statements and press releases with management and the external auditors and recommend their approval to the Board.
- (c) Annual Financial Statements and Other Financial Information
  - Review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
  - Receive and review summaries of material transactions and other complex matters

- whose treatment in the annual financial statements merits advance consideration;
  - Review the annual financial statements with management and external auditors and recommend their approval to the Board;
  - Review Cordy's external legal counsel report on the status of any material pending or threatened litigation, claims and assessments;
  - Review the financial information contained in Cordy's Annual Report, including management's Discussion and Analysis, and other publications including the Information Circular, the Annual Information Form, as well as any prospectus or similar document issued from time to time by Cordy and recommend their approval to the Board;
  - Review any serious difficulties or disputes with management encountered during the course of the audit, including any restrictions on the scope of the external auditors' work or access to required information;
  - Review the use of off-balance sheet financing including management's risk assessment and adequacy of disclosure;
  - Review reports from management outlining any significant changes in risks relating to financial instruments such as foreign exchange hedging, derivatives, etc.; and
  - Review adequacy of insurance coverage including Directors' and officers' liability coverage.
- (d) External Audit Terms of Reference, Reports, Planning and Appointment
- Recommend to the Board each year the appointment of the external auditors, their terms of engagement and remuneration;
  - Review the audit plan with the external auditors and management; and
  - Discuss in private with the external auditors, matters affecting the conduct of their audit and other corporate matters.
- (e) Self-Evaluation
- Annually review the Audit Committee Terms of Reference.

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board of Directors.

## **Schedule "C"**

### **Stock Option Plan**

#### **1. Purpose**

The purpose of the Stock Option Plan (the "Plan") of Cordy Oilfield Services Inc., a corporation incorporated under the Business Corporations Act (Alberta) (the "Corporation") is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the "Shares"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

#### **2. Administration**

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the "Board"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

#### **3. Stock Exchange Rules**

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "**Exchange**").

#### **4. Shares Subject to Plan**

Subject to adjustment as provided in Section 16 hereof, the Shares to be offered under the Plan shall consist of Shares of the Corporation's authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding Shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

## **5. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

## **6. Eligibility and Participation**

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “**Participants**”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

## **7. Exercise Price**

The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

## **8. Withholding Taxes**

The Corporation shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Optionee to the Corporation, of any taxes or other required source deductions which the Corporation is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Optioned Shares. Without limiting the generality of the foregoing, the Corporation may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to an Optionee;
- (b) require, as a condition of the issuance of Optioned Shares to an Optionee that the Optionee make a cash payment to the Corporation equal to the amount, in the Corporation’s opinion, required to be withheld and remitted by the Corporation for the account of the Optionee to the appropriate governmental authority and the Corporation, in its discretion, may withhold the issuance or delivery of Optioned Shares until the Optionee makes such payment; or

(c) sell, on behalf of the Optionee, all or any portion of Optioned Shares otherwise deliverable to the Optionee until the net proceeds of sale equal or exceed the amount which, in the Corporation's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Optionee.

## 9. Number of Optioned Shares

(a) The aggregate number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other security based compensation arrangements of the Corporation is 10% of the issued and outstanding Shares from time to time, subject to the following additional limitations:

(i) the aggregate number of Shares reserved for issuance to any one person in a 12 month period under the Plan, together with all other security based compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Shares (on a non-diluted basis);

(ii) in the aggregate, no more than 10% of the issued and outstanding Shares (on a non-diluted basis) may be reserved at any time for insiders as defined in subsection 1(i) of the Securities Act (Alberta) and includes an associate, as defined in subsection 1(a.1) of the Securities Act (Alberta) ("Insider(s)") under the Plan, together with all other security based compensation arrangements of the Corporation;

(iii) the number of securities of the Corporation issued to Insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Shares;

(iv) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries); and

(v) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve month period to persons employed to provide investor relations activities. 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  $\frac{1}{4}$  of the options vesting in any 3 month period.

(b) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.

## 10. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the Toronto Stock Exchange or the TSX Venture Exchange Inc. ("**TSX Venture**"), the maximum term may not exceed 10 years.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

“Black Out Period” means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time.

### **11. Option Period, Consideration and Payment**

(a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.

(b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

(c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.

(d) Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.

(e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

### **12. Ceasing To Be a Director, Officer, Consultant or Employee**

Subject to Section 13, if a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

### **13. Death of Participant**

Notwithstanding Section 12, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

(a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and

(b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

#### **14. Rights of Optionee**

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

#### **15. Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

#### **16. Adjustments**

If the outstanding Shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

#### **17. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

#### **18. Amendment and Termination of Plan**

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may by resolution amend this Plan and any Options granted under it without shareholder approval, however, the Board will not be entitled, in the absence of shareholder and Exchange approval, to:

- (a) reduce the exercise price of an Option held by an Insider of the Corporation;
- (b) extend the expiry date of an Option held by an Insider of the Corporation (subject to such date being extended by virtue of Section 10 above)
- (c) amend the limitations on the maximum number of Shares reserved or issued to Insiders under Sections 9(a)(i), 9(a)(ii) and 9(a)(iii) hereof;
- (d) increase the maximum number of Shares issuable pursuant to this Plan; or
- (e) amend the amendment provisions of this Plan under this Section 18.

Where shareholder approval is sought for amendments under subsections (a), (b) and (c) above, the votes attached to Shares held directly or indirectly by (i) Insiders benefiting from the amendments; and (ii) associates of persons referred to in (i), will be excluded.

### **19. Necessary Approvals**

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

### **20. Effective Date of Plan**

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

### **21. Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta.



