



**ZEDCOR ENERGY INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON**

**JUNE 18, 2019**

**MANAGEMENT INFORMATION CIRCULAR**

**AND**

**PROXY STATEMENT**

**DATED – April 24, 2019**





**ZEDCOR ENERGY INC.  
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** the Annual and Special meeting (the “**Meeting**”) of holders of common shares (“**Shareholders**”) of Zedcor Energy Inc. (the “**Corporation**”) will be held **at the offices of Borden Ladner Gervais LLP, at Centennial Place, East Tower, 1900, 520 – 3rd Avenue S.W., Calgary, Alberta**, on Tuesday, June 18, 2019, at 10:00 a.m. (Calgary time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2018 and the report of the auditors thereon;
2. to approve an ordinary resolution to fix the number of directors of the Corporation to be elected at the Meeting for the ensuing year at six (6);
3. to elect the nominees to the board of directors of the Corporation (the “**Board**”) for the ensuing year, as set out in the management information circular (the “**Circular**”) prepared for the purposes of the Meeting;
4. to appoint KPMG LLP, Chartered Accountants, of Calgary, Alberta, as auditor of the Corporation for the ensuing year and to authorize the Board to fix their remuneration;
5. to consider, and, if thought advisable, to approve, with or without variation, an ordinary resolution, the full text of which is set forth in the Circular, to confirm the Corporation’s stock option plan; and
6. to transact such other business as may be properly brought before the Meeting or any adjournments or postponements thereof.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Circular and Instrument of Proxy accompanying this Notice of Meeting. At the Meeting, Shareholders will be asked to approve each of the foregoing items.

Only Shareholders of record at the close of business on April 24, 2019 are entitled to notice of and attend the Meeting or any adjournment or postponement thereof and to vote thereat. **A Shareholder may attend the Meeting in person or may be represented thereat by proxy. A form of proxy for use at the Meeting or any adjournment or postponement thereof is enclosed with this notice. Shareholders who are unable to attend the Meeting are requested to date, sign and return the enclosed form of proxy to the Corporation’s transfer agent (the “Transfer Agent”), Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, in the enclosed self-addressed envelope. In order to be valid, proxies must be received by the Transfer Agent at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment or postponement thereof.**

**DATED** this 24th day of April, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*Jan Campbell*”  
Jan Campbell, Corporate Secretary





**ZEDCOR ENERGY INC.**  
**MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT FOR THE**  
**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON JUNE 18, 2019**

**General**

Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this Management Information Circular and Proxy Statement (“**Circular**”), unless otherwise noted, all dollar amounts are expressed in Canadian dollars. Information contained in this Circular is given as of April 24, 2019, unless otherwise stated.

**SOLICITATION OF PROXIES**

This Circular is furnished in connection with the solicitation of proxies by the management of Zedcor Energy Inc. (the “**Corporation**”) for use at the Annual and Special Meeting of the holders of common shares (the “**Shares**”) of the Corporation (the “**Shareholders**”) to be held at the **offices of Borden Ladner Gervais LLP, at Centennial Place, East Tower, 1900, 520 – 3rd Avenue S.W., Calgary, Alberta**, on the 18th day of June 2019 at 10:00 a.m. (Calgary time), or at any adjournment thereof (the “**Meeting**”), for the purposes set forth in the Notice of Meeting. Accompanying this Circular (and filed with applicable securities regulatory authorities) is the form of Proxy for use at the Meeting, by holders of Shares of the Corporation.

Proxies will be solicited by mail and may also be solicited personally or by telephone or facsimile by the directors or officers of the Corporation, who will not be specifically remunerated therefor. The cost of solicitation by management of the Corporation will be borne by the Corporation. The Corporation may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting securities of the Corporation (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Circular, the Notice of Meeting and Instrument of Proxy to the beneficial owners of such securities. The Corporation will provide, without cost to such persons, upon request to the Corporation, additional copies of the foregoing documents required for this purpose.

**Notice-and-Access**

The Corporation has elected to use the “notice-and-access” provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the “**Notice-and-Access Provisions**”) for the Meeting in respect of mailings to its Shareholders who do not hold their Shares in their own name, but rather hold their Shares indirectly through accounts with such institutions as brokerage firms, banks and trust companies (referred to in this Circular as “**Beneficial Shareholders**”). However, the Corporation will not be using the Notice-and-Access Provisions in respect of mailings to its registered holders of Shares (“**Registered Shareholders**”). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation has also elected to use procedures known as ‘stratification’ in relation to its use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management’s discussion and analysis (collectively, “**Financial Information**”) to some shareholders together with a

notice of a meeting of its shareholders. In relation to the Meeting, Registered Shareholders will receive a paper copy of each of a notice of the Meeting, this Circular dated April 24, 2019 and a form of proxy whereas Beneficial Shareholders will receive a Notice-and-Access Notification and a voting instruction form. Furthermore, a paper copy of the Financial Information in respect of the most recent financial year of the Corporation has been mailed to Registered Shareholders as well as to those Beneficial Shareholders who have previously requested to receive them.

The Corporation will be delivering proxy-related materials through intermediaries to both non-objecting Beneficial Shareholders and objecting Beneficial Shareholders, and the Corporation intends to pay intermediaries for the delivery of such material.

### PROXY INSTRUCTIONS

**Shareholders have the right to appoint a nominee (who need not be a Shareholder), other than the persons specified in the enclosed Instrument of Proxy, to represent them at the Meeting, and may do so by inserting the name of the appointed representative in the blank space provided in the Instrument of Proxy.**

Registered Shareholders may vote in person at the Meeting or any adjournment or postponement thereof or they may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place. Registered Shareholders unable to be present at the Meeting in person are requested to date and sign the enclosed form of proxy and mail it to or deposit it with our transfer agent, Computershare Trust Company of Canada (“**Computershare**”): (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1; (ii) by hand delivery to Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1; (iii) by facsimile to 1-866-249-7775 (inside North America) or (416) 263-9524 (outside North America); or (iv) you may vote by telephone at 1-866-732-8683 (inside North America) or (312) 588-4290 (outside North America). If you wish to vote through the Internet, please go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions. You will require your control number found on your proxy form. In order to be valid and acted upon at the Meeting, forms of proxy must be received by Computershare not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) before the time of the Meeting or any adjournment or postponement thereof. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice.

Beneficial Shareholders who hold Shares through a broker, financial institution, trustee, nominee or other intermediary or otherwise should carefully follow the instructions found on their voting instructions form.

At the discretion of the Chair of the Meeting, proxies may be deposited with the Chair of the Meeting prior to the commencement of the Meeting or any adjournment or postponement thereof. The giving of a proxy will not affect the right of a Shareholder to attend in person at the Meeting, or any adjournment or postponement thereof and, provided that the proxy is revoked, to vote.

#### **Voting Instructions – Registered Shareholders**

You are a Registered Shareholder if your name appears on your share certificate. Registered Shareholders who are eligible to vote can vote their Shares in person at the Meeting. Registered Shareholders, who are eligible to vote but who are unable to attend the Meeting in person, are able to vote their Shares by proxy as described above under “*Proxy Instructions*”, and Registered Shareholders are also entitled to vote their Shares either by telephone or on the Internet. In both cases, the Control Number which is located on the Instrument of Proxy will be required. **Please note that if you register your votes by telephone, you cannot appoint anyone other than the directors named on the Instrument of Proxy as your proxy holder.**

#### **Voting Instructions – Beneficial Shareholders**

**The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of the Shareholders of the Corporation do not hold Shares in their own name. Such**

Beneficial Shareholders should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases, these Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the broker or an agent of a broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian banks, trust companies and brokerage firms). Shares held by brokers or their nominees can only be voted (for, against or withheld from voting for resolutions) upon the instructions of the Beneficial Shareholders. Without specific instructions, brokers/nominees are prohibited from voting Shares for their clients.

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically mails its own form of proxy to the Beneficial Shareholders with the request that the form be completed and returned to its attention. Beneficial Shareholders also have the option in certain cases of forwarding their voting instructions by telephone or through the Internet. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares at the Meeting.

**A Beneficial Shareholder receiving a Broadridge form of proxy cannot use that form to vote directly at the Meeting. This form must be returned to Broadridge by mail, hand delivery, fax, Internet or telephone, as directed, well in advance of the Meeting in order to have Shares voted.** If the Beneficial Shareholder wishes to attend and vote at the Meeting in person, that Beneficial Shareholder must insert his or her own name as appointee in the space provided. In this way, the Beneficial Shareholder appoints him or herself as Proxy and may therefore attend and act at the Meeting.

#### **Voting by Internet**

Registered Shareholders may also cast their vote by telephone (1-866-732-8683 within North America, 312-588-4290 from outside North America) or internet ([www.investorvote.com](http://www.investorvote.com)) by following the instructions provided on the form. If you choose to vote by telephone or internet, your vote must also be cast no later than 48 hours, excluding Saturdays, Sundays and holidays prior to the time of the Meeting.

#### **REVOCABILITY OF PROXIES**

Proxies are revocable. A Shareholder submitting an Instrument of Proxy may revoke the Instrument of Proxy, by instrument in writing, executed by the Shareholder or by his or her attorney duly authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the Instrument of Proxy is to be used, or with the Chair of the Meeting on the day of the Meeting, or any adjournment thereof.

An Instrument of Proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and signed by the Shareholder, or by his attorney duly authorized in writing, and delivered to the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 8<sup>h</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, in acceptable form at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the Meeting, or any adjournment thereof.

#### **EXERCISE OF DISCRETION BY PROXY HOLDERS**

The Shares represented by the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder where voting is by way of a show of hands or by ballot. The persons appointed under the enclosed form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the 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 accordance with their best judgement unless the Shareholder has specified to the contrary or that Shares are to be withheld from voting. At the time of printing this Circular, the management of the Corporation knew of no such amendment, variation or other matter.

Unless otherwise specified, proxies in the accompanying form will be voted in favour of the matters set forth herein.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to Shareholders of record, unless specifically stated otherwise.

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at April 24, 2019, being the record date for the determination of holders of Shares who are entitled to notice of, and to attend and vote at the Meeting (the “**Record Date**”), the Corporation had outstanding 53,331,230 Shares. Each Share confers upon the holder thereof the right to one vote. Only those Shareholders of record on the Record Date are entitled to notice of, and to attend and vote at the Meeting.

Any transferee or person acquiring Shares after the Record Date may, on proof of ownership of Shares, demand not later than 10 days before the Meeting that his or her name be included in the list of persons entitled to attend and vote at the Meeting.

The By-laws of the Corporation provide that at least two persons present in person, being Shareholders entitled to vote thereat and holding or representing by proxy not less than 5% of the outstanding Shares of the Corporation entitled to vote at the Meeting, constitute quorum for the Meeting in respect of holders of Shares.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owns or exercises control or direction, directly or indirectly, over more than 10% of the voting rights attached to all of the outstanding Shares, other than as set out below:

Name of Shareholder	Number of Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly	Percentage of Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly <sup>(1)</sup>
Artie T. Kos	9,059,143 <sup>(2)</sup>	16.99%
Dean Swanberg	12,490,162 <sup>(3)(4)</sup>	23.42%

**Notes:**

- (1) Based on 53,331,230 issued and outstanding Shares as at April 24, 2019.
- (2) Based on publicly available information whereby as at May 26, 2016, Mr. Kos reported (pursuant to the Early Warning System – Alternative Monthly Report filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”)) that he beneficially owned or controlled 9,059,143 Shares.
- (3) Mr. Swanberg has direct control over 781,018 Shares.
- (4) Includes 11,709,144 Shares beneficially owned or controlled by Mr. Swanberg which are registered in the name of D.S.S. Holdings Inc., a private Alberta corporation controlled by Mr. Swanberg.

### CORPORATE GOVERNANCE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), sets out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation’s required annual disclosure of its corporate governance practices in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.



## 1. **Board of Directors**

The board of directors of the Corporation (the “**Board**”) is currently made up of six (6) members, with six (6) of the current members to be nominees for election as a director at the Meeting. The Board has concluded that each nominee is well qualified to serve on the Corporation’s Board. The nominees have the relevant expertise essential to ensure appropriate strategic direction and oversight. Each director nominee has confirmed his eligibility and willingness to serve as a director if elected. All of the individuals who are elected as directors will have their terms of office expire at the next annual meeting of the Corporation, or until successors are elected or directors resign.

The Board considers that Brian McGill, Bob Petryk and Andy Purves are independent director nominees according to the definition of “independence” as set out in National Instrument 52-110 – *Audit Committees (“NI 52-110”)* as it applies to the Board. Based on the foregoing, the Board has determined that three (3) of the six (6) director nominees are independent. The Board considers that Ian McKinnon is not independent as he was the President and Chief Executive Officer of the Corporation from January 15, 2018 to May 15, 2018. Accordingly, Mr. McKinnon will not be considered independent pursuant to NI 52-110 until May 15, 2021. The Board considered that Mr. Swanberg is not independent as he was appointed Interim Chief Executive Officer of the Corporation on May 15, 2018. The Board considers that Dean Shillington is not independent since he has a “material relationship” with the Corporation as he is the Chief Executive Officer of Maynbridge Capital Inc., the senior lender of the Corporation.

## 2. **Directorships**

None of the Corporation’s director nominees are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction.

## 3. **Orientation and Continuing Education**

The Corporation has not developed a formal orientation program for new directors. However, the Corporation provides each new director with copies of the mandates for the Board and each committee of the Board, as well as position descriptions for the Chair of the Board, the Chair of each committee of the Board and the Chief Executive Officer as well as copies of the Corporation’s Communication and Social Media Policy, Whistleblower Policy and the Corporation’s Code of Business Conduct and Ethics, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, in order to provide continuing education to the directors, the Board has instructed the Corporate Secretary of the Corporation to provide the directors with updates from time to time, with respect to new legal and regulatory developments which may be of interest to the Board.

## 4. **Ethical Business Conduct**

The Corporation has adopted a written Code of Business Conduct and Ethics (the “**Code**”). Reasonable steps are taken to monitor compliance with the Code by requiring directors and officers to sign a written acknowledgment that they have read the Code. The Code applies to the Corporation’s directors, officers and employees, each of whom is expected to ensure that his or her behaviour accords with the letter and the spirit of the Code. The Board is responsible for reviewing departures from the Code by executive officers, management, employees and consultants, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. The Board, through the Audit Committee Chair, also receives reports of concerns in respect of the accuracy and integrity of the Corporation’s auditing, accounting and financial reporting and other appropriate issues raised through the procedures set out in the Corporation’s Whistleblower Policy. The Chair of the Audit Committee is responsible for investigating complaints, presenting complaints to such committee and any other applicable committee of the Board or the Board as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the Chair of the Audit Committee will advise the complainant, if the complaint was not submitted anonymously, of the corrective action measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by the Corporation, its directors, executive officers and management, against complainants who raise concerns in good faith and requires the Corporation to maintain the confidentiality of

complainants to the greatest extent practicable. In addition to the Code, the Corporation has an Audit Committee Charter providing for, among other matters, the collection and dissemination of accounting information.

## 5. **Nomination of Directors**

Effective January 15, 2018 the Board established a Corporate Governance, Nominating and Compensation Committee. A core responsibility of the Corporate Governance, Nominating and Compensation Committee is to identify prospective Board members, consistent with Board-approved criteria, and to recommend such individuals as nominees for election to the Board at each annual meeting of shareholders or to fill vacancies on the Board. For the Corporate Governance, Nominating and Compensation Committee to recommend an individual for Board membership, candidates are assessed on their individual qualifications, experience and expertise and must exhibit the highest degree of integrity, professionalism, values and independent judgement. The Corporate Governance, Nominating and Compensation Committee and the Board do not adhere to any quotas in determining Board membership. The Corporate Governance, Nominating and Compensation Committee believes that the Board should be comprised of directors with a broad range of experience and expertise which are necessary for the Board to carry out its mandate effectively, allowing the Corporate Governance, Nominating and Compensation Committee to identify criteria that a new candidate for the Board should possess. Before making a recommendation on a new director candidate to the Board, the Chair of the Corporate Governance, Nominating and Compensation Committee will meet with the candidate to discuss the candidate's interest and ability to devote the time and commitment required to serve on the Corporation's Board.

The Corporation's Corporate Governance, Nominating and Compensation Committee is currently comprised of three directors, being Bob Petryk (Chair) - independent; Andy Purves - independent and Dean Swanberg – not independent. "Independent" refers to the standards of independence set forth within Section 1.4 of NI 52-110.

## 6. **Compensation**

Effective January 15, 2018 the Board established a Corporate Governance, Nominating and Compensation Committee which is responsible to review and make recommendations to the Board regarding the adequacy and form of the compensation for the Corporation's officers and directors. The Corporate Governance, Nominating and Compensation Committee is currently comprised of three directors, being Bob Petryk (Chair) - independent, Andy Purves – independent and Dean Swanberg – not independent. "Independent" refers to the standards of independence set forth within Section 1.4 of NI 52-110.

The skills and experience of each Corporate Governance, Nominating and Compensation Committee member in executive compensation that is relevant to his responsibilities and the making of decisions on the suitability of the Corporation's compensation policies and practices are as follows:

Bob Petryk	Mr. Petryk has a breadth of experience acquired throughout his business career in which he addressed compensation matters for various companies' executive officers and directors.
Andy Purves	Mr. Purves has a breadth of experience acquired throughout his business career which enables him to make effective decisions on the Corporation's compensation policies and practices.
Dean Swanberg	Mr. Swanberg has a breadth of experience acquired throughout his business career in which he has addressed compensation matters for various companies' executive officers and directors.

Compensation is determined in the context of the Corporation's goals, shareholder returns and other achievements, and considered in the context of position descriptions, goals and the performance of each individual director and officer. With respect to compensation matters, the Corporate Governance, Nominating and Compensation Committee's tasks include: (a) annually recommending objectives and performance criteria applicable to the Board, each director, the Chair of the Board, the Chair of each committee of the Board and the

Chief Executive Officer; (b) making recommendations to the Board regarding the amount and form of compensation to award the directors, the Chair of the Board and the Chair of each committee of the Board; (c) making recommendations to the independent members of the Board regarding the amount and form of compensation to award the Chief Executive Officer; (d) reviewing and making recommendations to the Board regarding proposals for the compensation of executive officers and management; (e) reviewing and making recommendations regarding all incentive and equity-based compensation plans and all proposed grants of securities under such plans; and (f) reviewing and making recommendations regarding employee benefit and retirement plans. The compensation of directors and officers of competitors and peers are considered, to the extent information thereon is publicly available, in determining compensation.

For a detailed discussion of the compensation of the directors of the Corporation, see the discussion under “*Statement of Executive Compensation – Compensation Discussion and Analysis*”.

The Corporate Governance, Nominating and Compensation Committee annually recommends the compensation to be received by the Corporation’s directors and officers.

#### **7. Other Board Committees**

As of the date hereof, there are no other standing Board committees.

#### **8. Assessments**

The Board has no formal process in place to assess the effectiveness of the Board, its committees and the contribution of each individual director. However, through the regular interaction between Board members, the Board satisfies itself that the Board, its committees and each individual director is performing effectively.

### **AUDIT COMMITTEE**

Under National Instrument 51-102 *Continuous Disclosure Obligations*, the Corporation is required to include in its Circular the disclosure required under Form 52-110F2 with respect to its Audit Committee, including the composition of the Audit Committee, the text of its Audit Committee Charter and the fees paid to the external auditor, all of which is attached hereto as Schedule “A”.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **1. Compensation Discussion and Analysis**

The Corporate Governance, Nominating and Compensation Committee of the Board makes recommendations to the Board regarding compensation to be provided to the executive officers and directors of the Corporation and the executive officers of its subsidiaries and, in doing so, the Corporate Governance, Nominating and Compensation Committee receives input from the Chief Executive Officer in respect of all executive officers other than the Chief Executive Officer. Mr. Brad Munro resigned as Interim Chief Executive Officer on January 15, 2018. Mr. Ian McKinnon was appointed President and Chief Executive Officer on January 15, 2018 and resigned as President and Chief Executive Officer on May 25, 2018. Mr. Swanberg was appointed Interim Chief Executive Officer on May 25, 2018. Mr. Todd Ziniuk was appointed President of the Corporation on October 16, 2018.

Compensation of all executive officers is based on the underlying philosophy that such compensation should be competitive with other business operations of similar size and should be reflective of the experience, performance and contribution of the individuals involved and the overall performance of the Corporation. For the period of January 15, 2018 to May 25, 2018, Mr. McKinnon was paid a base salary, and upon his resignation as President and Chief Executive Officer, was provided with a severance package, details of which are listed in the table under the heading “*Summary Compensation Table*”. Mr. Swanberg does not receive compensation for acting as Interim Chief Executive Officer of the Corporation.

The Corporation's executive compensation program is available to the Named Executive Officers of the Corporation, which is defined by the securities legislation to mean each of the following individuals, namely: (i) the Chief Executive Officer ("CEO") of the Corporation; (ii) the Chief Financial Officer of the Corporation ("CFO"); (iii) each of the three most highly compensated executive officers of the Corporation including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under (iii) above but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of the most recently completed financial year-end (collectively, the "NEOs"). For purposes of this Circular, the four (4) executive officers of the Corporation as of December 31, 2018, as listed in the table under the heading "*Summary Compensation Table*", are the NEOs.

### ***Objectives of the Compensation Program***

The objectives of the Corporation's executive compensation program are twofold, namely: (i) to enable the Corporation to attract and retain highly qualified and experienced individuals to serve as executive officers; and (ii) to align the compensation levels available to the executive officers to the successful implementation of the Corporation's strategic plans. The Corporation's executive compensation program is designed to reward the NEOs where they have contributed to the prosperity and growth of the Corporation.

### ***Elements of the Compensation Program***

The Corporation's executive compensation program consists of a combination of the following significant elements, namely: (i) base salary; (ii) participation in the Stock Option Plan (as hereinafter defined); and (iii) until its termination on November 16, 2018, participation in the Stock Savings Plan (as hereinafter defined). The Corporate Governance, Nominating and Compensation Committee has not implemented a formal bonus plan. The Corporate Governance, Nominating and Compensation Committee may, from time to time, in their discretion, recommend bonus payments to reward employees including NEOs, subject to approval by the Board. These elements contain both short-term incentives, comprised of cash payments, being those provided by way of base salaries and the payment of bonuses, if any, as may be determined on a discretionary basis, as well as long-term incentives, comprised of equity based incentives, being those provided under the Stock Option Plan and the Stock Savings Plan. The process for determining perquisites and approval of benefits for the NEOs is, firstly, to implement perquisites and benefits which are comparable to those usually offered by other business entities of a similar size to the Corporation and secondly, to make those perquisites and benefits available to each NEO, equally. The Corporation chooses to pay each element of its executive compensation program in order to maintain its competitive position in the marketplace. The amount for each element of the Corporation's executive compensation program is determined based upon compensation levels provided by the Corporation's competitors as well as upon the discretion of the Board, where applicable, as described below. Each element of the Corporation's executive compensation program is intended to contribute to an overall total compensation package which is designed to provide both short-term and long-term financial incentives to the NEO and to thereby assist the Corporation to successfully implement its strategic plans. The Corporate Governance, Nominating and Compensation Committee annually assesses how each element fits into the overall total compensation package and makes recommendations to the Board relating thereto from time to time.

### ***Base Salaries***

Base salaries for the NEOs, are reviewed annually and are set to be competitive with industry levels. In addition, in its annual review of base salaries, the Corporate Governance, Nominating and Compensation Committee has regard to the contributions made by the NEOs, how their compensation levels relate to compensation packages that would be available to such officers from other employment opportunities and commercially available salary survey data and information publicly disclosed by some of the Corporation's competitors and peers. This enables the Corporation to establish base salaries which attract and retain highly qualified and experienced individuals. Other than as set out immediately above, the base salaries of the NEOs are not determined based on benchmarks, performance goals or a specific formula.

### *Stock Option Plan*

The Corporation established a stock option plan for its directors, officers, employees and consultants effective October 1, 2011, which was initially approved by the Shareholders of the Corporation on September 29, 2011 and which was most recently approved by the Shareholders of the Corporation on June 19, 2018 (the “**Stock Option Plan**”). The process that the Board uses to grant option-based awards to executive officers, including the NEOs, and the factors that are taken into account when considering new grants under the Stock Option Plan, are based upon a number of criteria, including the performance of the executive officers, the number of stock options available for grant under the Stock Option Plan, the number of stock options anticipated to be required to meet the future needs of the Corporation, as well as the number of stock options previously granted to each of the NEOs. It is the full Board, as opposed to the Corporate Governance, Nominating and Compensation Committee, which determines the need for any amendments to the Stock Option Plan and it is the full Board which determines the number of stock option grants to be made under the Stock Option Plan. The CEO provides input and recommendations to the Board regarding the granting of stock options, from time to time. The CEO where appropriate, also obtains input from other executive officers of the Corporation when providing his input and recommendations. Other than as set out immediately above, the grant of option-based awards is not determined based on benchmarks, performance goals or a specific formula.

### *Stock Savings Plan*

The Corporation had an employee stock savings plan (the “**Stock Savings Plan**”) under which all employees of the Corporation, including the NEOs, were eligible to participate in. The purpose of the Stock Savings Plan was to make available to the Corporation’s employees, commencing three (3) months after the commencement of their employment with the Corporation, a means of acquiring, through regular payroll deductions and the Corporation’s matching contribution, Shares so that participating employees could have the opportunity to benefit from the growth in the value of the Corporation. All employees who become participants contribute, including the NEOs, by way of bi-weekly payroll deductions for investment under the Stock Savings Plan, an amount of their regular salary ranging from a minimum of 0% to 8% (based on 1% increments). The Corporation contributed an amount of funds equal to one-half times the employee’s contribution during each month to a maximum of 4% of the employee’s base salary. The Stock Savings Plan was terminated on November 16, 2018.

### *Discretionary Bonus*

The Corporation does not have a formal bonus plan but may, from time to time, award discretionary bonuses. The award of a bonus is determined, in all cases, by a recommendation by the Corporate Governance, Nominating and Compensation Committee and then formal approval from the Board, and is not based on specific performance goals or specific criteria. Discretionary bonuses are intended to drive and reward current year results as well as to provide incentive for future performance.

### **Employment, Consulting and Management Agreements**

The Corporation does not have any agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Corporation that were: (a) performed by a NEO or director of the Corporation; or (b) performed by any other party which provided services that are typically provided by a NEO or a director of the Corporation, other than the following:

The Corporation entered into an employment agreement with Todd Ziniuk, President and Chief Operating Officer, as at December 31, 2018, the terms of which continue until terminated in accordance with the provisions of the agreement. The termination and change of control provisions in that agreement are as follows:

<i>Termination by Resignation</i> – Mr. Ziniuk shall provide the Corporation with 30 days notice of resignation and all salary and benefit programs cease at the end of the notice period.
<i>Termination Without Cause</i> – If Mr. Ziniuk’s employment is terminated without cause, the Corporation will make payment to Mr. Ziniuk of his base salary alone by way of salary continuance in accordance with its usual payroll schedule for a period of twelve (12) months.
<i>Termination due to Death</i> – Mr. Ziniuk’s employment with the Corporation shall be deemed to have terminated upon his death. In this event, the Corporation would make a payment to his spouse equal to the remuneration earned, but not yet paid, up to the date of his death.

<i>Termination upon Permanent Disability</i> – In the event that Mr. Ziniuk should suffer a permanent disability, his employment with the Corporation may be terminated upon providing him 60 days notice.
<i>Termination for Just Cause</i> – The Corporation may terminate Mr. Ziniuk’s employment without notice for reasons of just cause. In this event, the Corporation would make a payment to Mr. Ziniuk equal to the remuneration earned, but not paid, up to the date of the termination of employment.
<i>Termination due to Change of Control</i> – Mr. Ziniuk has the right, for a period of 90 days following any event causing a change of control, to elect to terminate his employment with the Corporation. In such an event, Mr. Ziniuk is entitled to receive a lump sum payment equal to his base salary for a twelve (12) month period, grossed up by ten (10%) percent, plus a lump sum amount in lieu of bonuses calculated as the greater of twenty-five (25%) percent of base salary or the average of the bonuses paid to Mr. Ziniuk in the previous three years, less applicable deductions required by law. Such a payment due to the occurrence of a change of control, as calculated at December 31, 2018, would amount to \$324,000.

Pursuant to the Stock Option Plan, in the event of a change of control as provided for therein, outstanding stock options shall immediately vest and become exercisable by optionees. Other than the employment agreement referenced above, the Corporation does not have in place any other agreements or arrangements that provide for payments to the NEOs or the directors with respect to change of control, severance, termination or constructive dismissal of NEOs or directors.

The following table sets forth the estimated incremental payments and benefits that would be received by NEOs following a change of control of the Corporation, had such event occurred on December 31, 2018:

Name	Employment or other agreements (\$)	Stock Option Plan <sup>(1)</sup> (\$)	Total (\$)
Kim Cotter	N/A	Nil	Nil
James Leganchuk	N/A	Nil	Nil
Dean Swanberg	N/A	Nil	Nil
Todd Ziniuk	324,000	Nil	324,000

**Note:**

(1) Value is calculated based on the difference between the exercise price of unvested stock options subject to vesting upon the occurrence of a change of control and the closing price of the Shares on the TSXV (as defined below) on December 31, 2018, being \$0.11.

***Risks Associated with Compensation Policies and Practices***

The Corporation’s compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Corporate Governance, Nominating and Compensation Committee assesses facts that discourage the Corporation’s executives from taking unnecessary or excessive risk including: (i) the Corporation’s operating strategy and related compensation philosophy; (ii) the effective balance, in each case, between cash and equity mix, near-term, and long-term focus, corporate and individual performance, and financial and non-financial performance; and (iii) the Corporation’s approach to performance evaluation and compensation provides greater rewards to an executive officer achieving both short-term and long-term agreed upon objectives. Based on this review, the Corporate Governance, Nominating and Compensation Committee believes that the Corporation’s total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

***Financial Instruments***

The Corporation has not implemented any policies which restrict the NEOs or directors of the Corporation from purchasing 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 NEOs or directors of the Corporation.



## 2. Compensation Governance

The Corporate Governance, Nominating and Compensation Committee makes recommendations to the Board regarding the compensation to be provided to the executive officers and directors of the Corporation and, in doing so, receives input from the CEO of the Corporation, (in respect of all executive officers other than the CEO). With respect to directors' compensation, the Corporate Governance, Nominating and Compensation Committee reviews the level and form of compensation received by the directors and the Chair of each committee, considering the duties and responsibilities of each director, his or her past service and continuing duties in service to the Corporation. The compensation of directors and executive officers of competitors and peers are considered, to the extent publicly available, in determining compensation and the Corporate Governance, Nominating and Compensation Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

The following table sets forth the name of each member of the Corporate Governance, Nominating and Compensation Committee, whether they are independent and the relevant skills and experience of each member:

Member	Independent	Relevant Skills and Experience
Bob Petryk	Independent <sup>(1)</sup>	Mr. Petryk has a breadth of experience acquired throughout his business career in which he has addressed compensation matters for various companies' executive officers and directors.
Andy Purves	Independent <sup>(1)</sup>	Mr. Purves has a breadth of experience acquired throughout his business career which enables him to make effective decisions on the Corporation's compensation policies and practices.
Dean Swanberg	Not Independent <sup>(2)</sup>	Mr. Swanberg has a breadth of experience acquired throughout his business career in which he has addressed compensation matters for various companies' executive officers and directors.

**Notes:**

- (1) A member of the Corporate Governance, Nominating and Compensation Committee is independent if the member has no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) Mr. Swanberg is not considered independent as he is the Interim Chief Executive Officer of the Corporation.

During the financial year ended December 31, 2018, the Corporate Governance, Nominating and Compensation Committee did not retain an independent compensation consultant or advisor to assist in determining the compensation for the Corporation's directors and executive officers.

## 3. Option-Based Awards

The process the Corporation follows in respect of the grant of option-based awards<sup>(3)</sup> is set out under "Compensation Discussion and Analysis – Elements of the Compensation Program" above.

## 4. Summary Compensation Table

The following table sets forth all annual and long-term compensation information concerning the total compensation paid to the NEOs for each of the Corporation's three most recently completed financial years:

Name and principal position	Year	Salary (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity Incentive plans <sup>(2)</sup> (\$)	All other compensation <sup>(3)</sup> (\$)	Total compensation (\$)
Dean Swanberg <sup>(4)</sup> Interim Chief Executive Officer and former Chair of the Board	2018	Nil	Nil	Nil	Nil	Nil

Name and principal position	Year	Salary (\$)	Option- based awards <sup>(1)</sup> (\$)	Non-equity Incentive plans <sup>(2)</sup> (\$)	All other compensation <sup>(3)</sup> (\$)	Total compensation (\$)
<b>Kim Cotter</b> <sup>(5)</sup> Chief Financial Officer	2018	140,000	37,065	---	4,646	181,711
	2017	125,463	1,209	7,500	1,604	135,776
<b>Todd Ziniuk</b> <sup>(6)</sup> President and Chief Operating Officer	2018	240,000	---	---	12,012	252,012
	2017	240,000	4,836	19,300	16,653	280,789
	2016	163,448	13,000	---	19,945	196,393
<b>James Leganchuk</b> <sup>(7)</sup> Vice President Operations	2018	168,000	---	---	13,318	181,318
	2017	167,539	1,511	8,500	11,709	189,259
	2016	131,994	4,853	---	7,869	144,715
<b>Ian McKinnon</b> <sup>(8)</sup> Former President and Chief Executive Officer Current Chair of the Board	2018	57,101	---	---	83,304	140,405
<b>Ken Olson</b> <sup>(9)</sup> Former Chief Financial Officer	2018	199,876	---	---	146,057	345,934
	2017	240,000	5,441	10,300	16,213	271,954
	2016	133,431	9,056	---	14,388	156,875
<b>Brad Munro</b> <sup>(10)</sup> Former Chair of the Board and Former Interim Chief Executive Officer	2018	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) The Corporation has calculated the grant date fair value of the option awards under the Stock Option Plan granted to the NEOs using the Black-Scholes model. The Corporation chose this methodology because it is recognized as the most common methodology used for valuing stock options. During the financial year ended December 31, 2016, stock options were granted at an exercise price of \$0.48 and \$0.50. During the financial year ended December 31, 2017, stock options were granted at an exercise price of \$0.25. During the financial year ended December 31, 2018, stock options were granted at an exercise price of \$0.25 and \$0.34. The Black-Scholes assumptions relied upon by the Corporation in respect of stock options granted to the NEOs were:

	November 15, 2018	April 3, 2018	May 18, 2017	February 5, 2016	May 3, 2016
Expected annual dividend	\$0.00	\$0.00	\$0.01	\$0.08	\$0.08
Expected volatility	73.7%	68.0%	68.3%	48.8%	51.1%
Risk free interest rate	2.25 %	1.90%	0.73%	0.43%	0.64%
Expected life (years)	3	3	3	3	3

- (2) Amounts shown are discretionary bonus payments made in 2018.
- (3) Unless otherwise noted, the value of perquisites and benefits for each NEO is less than \$50,000 and less than 10% of each NEO's total salary for the financial year ended December 31, 2018.
- (4) Mr. Swanberg was appointed Interim Chief Executive Officer on May 25, 2018. Mr. Swanberg does not receive compensation for serving as Interim Chief Executive Officer. Mr. Swanberg was appointed Chair of the Board on June 19, 2018 and resigned as Chair of the Board on October 16, 2018.
- (5) Ms. Cotter was appointed Chief Financial Officer on October 16, 2018. Prior to that, Ms. Cotter was Controller of the Corporation from February 1, 2017 to October 16, 2018.
- (6) Mr. Ziniuk was appointed President on October 16, 2018, in addition to his role of Chief Operating Officer having been appointed on December 26, 2016. Prior to that, Mr. Ziniuk was the Interim Chief Operating Officer of the Corporation from March 4, 2016 to December 26, 2016.
- (7) Mr. Leganchuk was appointed Vice President Operations on February 11, 2018. Prior to that, Mr. Leganchuk was General Manager Operations of the Corporation from February 1, 2016 to February 10, 2018.
- (8) Mr. McKinnon was the President and Chief Executive Officer of the Corporation from January 15, 2018 to May 25, 2018. Mr. McKinnon was appointed Chair of the Board of the Corporation on October 16, 2018. Upon his resignation as President and Chief Executive Officer on May 25, 2018, Mr. McKinnon was entitled to receive a severance payment in the amount of \$144,000 to be paid over a 12 month period ending May 24, 2019.
- (9) Mr. Olson was appointed Chief Financial Officer on May 1, 2016 and resigned as Chief Financial Officer on October 16, 2018. Upon resignation on October 16, 2018, Mr. Olson was paid severance of \$132,000.
- (10) Mr. Munro resigned as Interim CEO on January 15, 2018 and as Chair of the Board on June 19, 2018. Mr. Munro did not receive compensation for serving as Interim CEO.



## 5. Incentive Plan Awards

### *Outstanding Option-Based Awards*

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2018 to the NEOs of the Corporation:

Name	Number of Securities Underlying unexercised options (#)	Option exercise price <sup>(1)</sup> (\$)	Option Expiration date	Value of unexercised in-the-money options (\$)
Dean Swanberg <sup>(2)</sup>	N/A	N/A	N/A	N/A
Kim Cotter	100,000	0.25	May 17, 2022	Nil
	50,000	0.34	April 2, 2023	Nil
	250,000	0.25	November 14, 2023	Nil
Todd Ziniuk	200,000	0.50	February 5, 2021	Nil
	400,000	0.25	May 17, 2022	Nil
James Leganchuk	125,000	0.25	May 17, 2022	Nil
	75,000	0.25	April 2, 2023	Nil
	50,000	0.25	November 14, 2023	Nil

**Notes:**

(1) Value is calculated based on the difference between the exercise price of the stock options and the closing price of the Shares on the TSXV on December 31, 2018, being \$0.11.

(2) Mr. Swanberg did not receive stock options for serving in the capacity as Interim CEO. Please see *“Directors Compensation – Outstanding Option-Based Awards”*

### *Value Vested or Earned During the Year*

The following table sets forth the value of incentive plan awards which vested during the Corporation’s financial year ended December 31, 2018 for each NEO:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-Equity incentive plan compensation – Value earned during the year <sup>(2)</sup> (\$)
Dean Swanberg <sup>(3)</sup>	N/A	N/A
Kim Cotter	Nil	Nil
Todd Ziniuk	Nil	Nil
James Leganchuk	Nil	Nil

**Notes:**

(1) Represents the aggregate dollar value that would have been realized if the stock options under the option-based awards had been exercised on the vesting date based on the difference between the closing market price of the Shares on the date immediately preceding the vesting date.

(2) Amounts shown are discretionary bonus payments made in 2018.

(3) Mr. Swanberg did not receive stock options for serving in the capacity as Interim CEO. Please see *“Directors Compensation – Value Vested or Earned During the Year”*

## 6. Pension Plan Benefits

The Corporation does not have a pension plan or any other plan that provides for payments or benefits at, following or in connection with retirement. The Corporation does not have a deferred compensation plan.

## 7. Director Compensation

For the period June 27, 2017 to June 18, 2018, each independent director received an annual retainer of \$6,000, which was inclusive of all committee and board meeting fees. The independent Chair of the Board received an annual retainer of \$60,000, which was in addition to the annual retainer paid to the independent directors. In addition, the chair of the Audit Committee received an annual retainer of \$6,000. The annual retainer for the chair of the Corporate Governance, Nominating and Compensation Committee was set at nil.

Effective June 19, 2018, an annual retainer for the independent directors was set at \$10,000 per year, inclusive of all committee and board meeting fees. The annual retainer for the Chair of the Board was set at nil. The annual retainer for the Chair of the Audit Committee was set at \$5,000, in addition to the annual retainer paid to the independent directors. The annual retainer for the Chair of the Corporate Governance, Nominating and Compensation Committee was set at \$5,000, in addition to the annual retainer paid to the independent directors. Miscellaneous out-of-pocket expenses incurred by the independent directors in carrying out their duties are reimbursed by the Corporation. In 2018, Messrs. McGill, McKinnon, Petryk and Purves each received a grant of 75,000 stock options.

### Summary Compensation

The following table sets forth information in respect of all amounts of compensation provided to the directors of the Corporation for the financial year ended December 31, 2018:

Name	Fees Earned <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	All other compensation (\$)	Total (\$)
J. Blair Goertzen <sup>(3)</sup>	250	Nil	Nil	250
Brian McGill <sup>(4)</sup>	7,500	8,946	Nil	16,446
Ian McKinnon <sup>(5)</sup>	5,500	8,946	Nil	14,446
Brad Munro <sup>(6)</sup>	36,000	Nil	Nil	36,000
Bob Petryk <sup>(7)</sup>	7,500	8,946	Nil	16,446
Andy Purves <sup>(8)</sup>	7,750	8,690	Nil	16,440
Dean Shillington	8,000	Nil	Nil	8,000
Dean Swanberg	8,000	Nil	Nil	8,000

#### Notes:

- (1) For additional information, please refer to the disclosure under "Statement of Executive Compensation – Director Compensation."
- (2) The Corporation has calculated the grant date fair value of the option awards under the Stock Option Plan granted to the directors using the Black-Scholes model. The Corporation chose this methodology because it is recognized as the most common methodology used for valuing stock options. During the financial year ended December 31, 2018, stock options were granted to the directors who were not NEOs at an exercise price of \$0.25. The Black-Scholes assumptions relied upon by the Corporation in respect of stock options granted during the financial year ended December 31, 2018 to such directors were: (i) expected annual dividend \$0.00; (ii) expected volatility 68.8% and 71.1% (as applicable); (iii) risk free interest rate 1.8% and 1.9% (as applicable); and (iv) expected life of stock options of 3 years.
- (3) Mr. Goertzen resigned from the Board on January 15, 2018.
- (4) Mr. McGill was elected to the Board on June 19, 2018.
- (5) Mr. McKinnon was appointed to the Board on January 15, 2018. Mr. McKinnon was also President and Chief Executive Officer of the Corporation from January 15, 2018 until May 15, 2018 and did not receive an annual retainer for serving as a member of the Board for that period of time.
- (6) Mr. Munro did not stand for re-election as a director at the annual and special meeting of shareholders held on June 19, 2018.
- (7) Mr. Petryk was elected to the Board on June 19, 2018.
- (8) Mr. Purves was appointed to the Board on January 15, 2018.

### Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards outstanding at the end of the Corporation's financial year ended December 31, 2018 to the directors of the Corporation:

Name	Number of securities underlying unexercised Options (#)	Exercise price of Options (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Brian McGill	75,000	0.25	June 18, 2023	Nil
Ian McKinnon	75,000	0.25	June 18, 2023	Nil
Bob Petryk	75,000	0.25	June 18, 2023	Nil
Andy Purves	75,000	0.25	January 14, 2023	Nil
Dean Shillington	75,000	0.25	May 17, 2022	Nil
Dean Swanberg	75,000	0.25	May 17, 2022	Nil

**Note:**

(1) Value is calculated based on the difference between the exercise price of the stock options and the closing price of the Shares on the TSXV on December 31, 2018, being \$0.11.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of incentive plan awards which vested during the financial year ended December 31, 2018. The directors of the Corporation do not receive share-based awards or non-equity incentive plan compensation.

Plan Category	Option-based awards value vested during year (\$) <sup>(1)</sup>
Brian McGill	Nil
Ian McKinnon	Nil
Bob Petryk	Nil
Andy Purves	Nil
Dean Shillington	Nil
Dean Swanberg	Nil

**Note:**

(1) Represents the aggregate dollar value that would have been realized if the stock options under the option-based awards had been exercised on the vesting date based on the difference between the closing market price of the Shares on the date immediately preceding the vesting date and the exercise price of the stock options held.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details as at December 31, 2018 with respect to all compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein) <sup>(2)</sup>
Equity compensation plans approved by securityholders	2,900,000	\$0.31	2,388,147

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein) <sup>(2)</sup>
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	2,900,000	\$0.31	2,388,417

**Notes:**

(1) The Stock Option Plan was most recently approved by the Shareholders on June 19, 2018.

(2) The Stock Option Plan reserves for issuance that number of Shares equal to 10% of the Corporation's outstanding Shares, from time to time.

### MATTERS TO BE CONSIDERED AT THE MEETING

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

#### 1. Financial Statements

At the Meeting, Shareholders will receive and consider the financial statements of the Corporation for the year ended December 31, 2018 and the auditors' report thereon, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

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

At the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at six (6).

**Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at six (6).** In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Meeting at six (6) must be passed by a majority of the votes cast by Shareholders who vote in respect of this ordinary resolution.

#### 3. Election of Directors

At the Meeting it is proposed that six (6) directors be elected to hold office until the next annual meeting or until their successors are elected or appointed. There are presently six (6) directors of the Corporation, the term of each of which expires at the Meeting.

**Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of the election as directors of the six (6) nominees hereinafter set forth.** Management has no reason to believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons designated in the accompanying form of proxy reserve the right to vote for other nominees in their discretion unless the Shareholder has specified in the accompanying form of proxy that such Shareholder's Shares are to be withheld from voting on the election of directors.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, their province and country of residence, their principal occupation, the period served as a director and the number of voting Shares that each proposed nominee beneficially owns, or exercises control or direction over, directly or indirectly, as of the Record Date. The information as to Shares owned beneficially, not being within the knowledge of the Corporation, has been provided by each nominee.

Name and Province and Country of Residence	Principal Occupation	Director Since	Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
<b>Brian McGill</b> Alberta, Canada	Partner at Stawowski McGill since 2009 and with the firm since 2000, a company which provides advisory services, which includes corporate finance, structure, leadership and culture, to growing businesses primarily in the oil and gas services and manufacturing sector. Prior thereto, Chief Financial Officer of a private group of oil services companies from 1993 to 2000, which was built up then sold to a large Canadian drilling contractor. Mr. McGill is a CPA, CA and has over 30 years of practical experience in corporate growth, acquisition strategies, and financial management of local and foreign subsidiaries in the US, South America, and the Caribbean. Mr. McGill is also a part time instructor of business finance at the University of Calgary.	June 2018	Nil
<b>Ian McKinnon</b> Alberta, Canada	Mr. McKinnon is the Chair of the Board. Mr. McKinnon was the President and Chief Executive Officer of the Corporation from January 2018 until May 2018. Mr. McKinnon has over thirty-five years of experience in the oil and gas industry in mergers and acquisitions, business development and financing. From 2004 to 2018, Mr. McKinnon was the President and CEO of Sundance Holdings Corporation, a management consulting firm. Among his previous positions, Mr. McKinnon was the President and CEO of Envirovault Corporation, an oilfield services company; President and CEO of LNG Energy Ltd, an international E&P company; Chair of Cheetah Oil and Gas Ltd., an international oil and gas company and Executive Vice President of Redwood Energy Ltd., an oil and gas company. Prior thereto, Mr. McKinnon held various senior positions in a number of oilfield services companies.	January 2018	500,000
<b>Bob Petryk</b> Alberta, Canada	Mr. Petryk is professional engineer with 40 years of technical, operational and managerial experience in the oil and gas industry in Canada and abroad. Since 2010 he has provided operations management consultancy services for various junior oil and gas companies active domestically and internationally. Prior thereto Mr. Petryk held senior management positions in the upstream E&P sector, with junior oil and gas companies including Petrorep Canada Ltd., Redwood Energy Ltd. and Bankers Petroleum Ltd., as well as in the oilfield service sector with Fracmaster Ltd. He has served as a director on five public company boards, four of which were in the oil and gas industry. Mr. Petryk holds a Bachelor of Science in Mineral Engineering, Petroleum Specialization from the University of Alberta and is an active member of APEGA.	June 2018	Nil

Name and Province and Country of Residence	Principal Occupation	Director Since	Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Andy Purves <sup>(1)(2)</sup> Alberta, Canada	Vice President, Oil & Gas – Major Clients at Stantec Inc. since August 2012.	January 2018	Nil
Dean Shillington <sup>(1)</sup> British Columbia, Canada	Founder, President and Chief Executive Officer of Knightsbridge Capital Group which provides specialized lending, equity and advisory solutions, since 2007 and Founder and Chief Executive Officer of Maynbridge Capital Inc. since January 2013. Mr. Shillington has extensive experience as an entrepreneur and in business development and commercial finance. He spent several years at GE Capital in various capacities, including risk and business management roles. Mr. Shillington has a degree in Finance and Marketing from the University of Saskatchewan. He currently serves on the Board of Directors of a number of private companies which operate in the industrial, consumer services and charitable sectors.	April 2017	Nil
Dean Swanberg <sup>(2)</sup> Alberta, Canada	Mr. Swanberg is the Interim Chief Executive Officer of the Corporation since October 2018. Prior thereto, President of Zedcor Oilfield Rentals Ltd. (“Zedcor”) from April 2011 until the acquisition of Zedcor by Canadian Equipment Rentals Corp. on February 2, 2016. Mr. Swanberg has been an independent businessman since 2016. Prior thereto, Mr. Swanberg was the President of Swanberg Bros. Trucking LP, one of the largest transporters of drilling rigs in Western Canada, from May 2005 until October 2010 and has over 35 years’ experience in the transportation and logistics side of oil and gas development. Prior thereto, Senior Vice President and a director of Producer's Oilfield Services Inc. from May 2005 to May 2006. Mr. Swanberg served as a director at Horizon North Logistics Inc. from June 1, 2006 to April 30, 2015. In addition, he served as a director of Safebrain Systems, Inc. from November 26, 2012 to September 25, 2014.	April 2017	12,490,162 <sup>(3)(4)</sup>

**Notes:**

- (1) Member of the Audit Committee.  
(2) Member of the Corporate Governance, Nominating and Compensation Committee.  
(3) Mr. Swanberg owns 781,018 Shares directly and has control or direction over 11,709,144 Shares held by D.S.S. Holdings Inc., a private Alberta corporation controlled by Mr. Swanberg.  
(4) Mr. Swanberg also holds 4,400,000 non-voting preferred shares of the Corporation.

The directors listed above will hold office until the next annual meeting of the Corporation or until their successors are elected or appointed.

*Corporate Cease Trade Orders*

Except as disclosed below, none of those persons who are proposed directors of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied

the company access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days or after such persons ceased to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity.

#### *Bankruptcies*

Except as disclosed herein, none of those persons who are proposed directors of the Corporation is, or has been within the past ten years, a director or executive officer of any company, including the Corporation, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ian McKinnon was President, CEO and a director of Envirovault Corporation a private company, until November 6, 2015. Envirovault Corporation was placed into receivership following an application by its creditors on November 6, 2015.

#### *Personal Bankruptcies*

None of the persons who are proposed directors of the Corporation have, within the past ten years 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 his assets.

#### *Penalties and Sanctions*

None of those persons who are proposed directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

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

At the Meeting, Shareholders will be asked to pass a resolution re-appointing KPMG LLP, Chartered Professional Accountants, of Calgary, Alberta as the auditor of the Corporation.

**Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of a resolution appointing KPMG LLP, Chartered Professional Accountants, as auditor for the Corporation for the next ensuing year, to hold office until the close of the next annual meeting of Shareholders or until KPMG LLP, Chartered Professional Accountants, are removed from office or resign as provided by the Corporation's by-laws, at a remuneration to be fixed by the Board.** KPMG LLP was first appointed the auditor of the Corporation on October 1, 2011.

#### **5. Confirmation of Stock Option Plan**

To remain in compliance with the policies of the TSX Venture Exchange (the "TSXV"), which require annual Shareholder approval of 10% rolling stock option plans, the Corporation will be presenting to the Shareholders for approval the Stock Option Plan in the form attached as Schedule "B" which was initially approved by the Shareholders on September 29, 2011 and most recently approved by the Shareholders on June 19, 2018.

The aggregate number of Shares issuable upon the exercise of all stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding Shares of the Corporation from time to time. Rolling 10%



option plans such as the Stock Option Plan require annual Shareholder approval. The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation to acquire Shares, thereby increasing their proprietary interest in and encouraging them to remain associated with the Corporation. The Stock Option Plan is administered by the Board and all stock options granted thereunder are subject to the rules and policies of the TSXV.

The exercise price of the Shares subject to each option shall be determined by the Board but in no event shall such exercise price be lower than the exercise price permitted by the TSXV. No single participant may be granted stock options to purchase a number of Shares equalling more than 5% of the issued Shares of the Corporation in any one twelve month period without disinterested Shareholder approval. Stock options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares in any twelve month period to any one consultant of the Corporation. Stock options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares in any twelve month period to employees of the Corporation conducting investor relations' activities. The maximum term of any stock options granted may not exceed five years. If the Shares are increased, decreased or changed through reorganization, merger, recapitalization, reclassification, share dividend, subdivision or consolidation, an appropriate adjustment shall be made by the Board in the number of Shares optioned and the exercise price per Share.

As of the date hereof: (i) the Corporation has issued under the Stock Option Plan, stock options pursuant to which 3,600,000 Shares are issuable, which represents approximately 6.75% of the currently outstanding Shares; and (ii) there remains for issuance under the Stock Option Plan, stock options pursuant to which 1,733,123 Shares may be issued, which represents approximately 3.25% of the currently outstanding Shares.

At the Meeting, Shareholders will be asked to pass an ordinary resolution as follows:

**"BE IT HEREBY RESOLVED** as an ordinary resolution of the shareholders of Zedcor Energy Inc. that:

1. the stock option plan of Zedcor Energy Inc. (the "**Corporation**"), substantially in the form attached as Schedule "B" (the "**Option Plan**") to the management information circular of the Corporation dated April 24, 2019, be and is hereby confirmed as the stock option plan of the Corporation and, the form of the Option 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; and
2. any one director or officer of the Corporation be and is hereby authorized and directed, for and 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."

Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of the ordinary resolution approving the Stock Option Plan. In order for the foregoing ordinary resolution to be passed, it must be approved by a majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting.

## 6. **Other Business**

Management is not aware of any other matters to come before the Meeting, other than those set out in the notice of Meeting. If other matters come before the Meeting, **it is the intention of the persons designated in the accompanying form of proxy to vote the same in accordance with their best judgment in such matters.**

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

No individual who is a proposed director, a current or former director, executive officer or employee of the Corporation or any subsidiary, or any associate thereof is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation or any of its subsidiaries or was indebted to



another entity, which such indebtedness is, or was at the time during the most recently completed financial year of the Corporation, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

#### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interest, direct or indirect, of any “informed person” of the Corporation, any proposed director of the Corporation or any associate or affiliate of any “informed person” or proposed director, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries, other than as set forth below:

On April 21, 2017 the Corporation entered into a Loan and Security Agreement (the “**Term Loan Agreement**”) with Maynbridge Capital Inc. (the “**Term Lender**”) providing for a term loan in the amount of \$20.4 million (the “**Term Loan**”). On April 28, 2017 the Corporation issued 3,651,501 share purchase warrants to the Term Lender, each warrant entitling the Term Lender to acquire one Share at an exercise price of \$0.25 per warrant (the “**Lender Warrants**”). The Lender Warrants initially had an expiry date of July 21, 2019. On March 28, 2018, the Corporation renewed the Term Loan Agreement in the amount of \$17.5 million (the “**Renewed Term Loan Agreement**”) for an additional six months with an option to renew for an additional six months and the Lender Warrants were amended to increase the exercise price to \$0.27 per share from \$0.25 per share and to extend the expiry date by one year to July 21, 2020. On September 28, 2018, the Corporation entered into an Amending Agreement to provide for a further renewal of the Renewed Term Loan Agreement in the amount of \$15.9 million (the “**Re-Renewed Term Loan Agreement**”) for an additional six months with an option to renew for an additional six months at the discretion of the Term Lender. The Lender Warrants were further amended to decrease the exercise price to \$0.20 per share from \$0.27 per share and the expiry date was extended to January 21, 2021. On October 1, 2018, the Corporation issued the Term Lender an additional 248,209 Lender Warrants, each such additional Lender Warrant entitling the Term Lender to acquire one Share in the Corporation at an exercise price of \$0.20 per share. These additional Lender Warrants were to expire on January 21, 2021. On March 25, 2019, the Corporation amended and restated the Re-Renewed Term Loan Agreement in the amount of \$14.3 million and extended the term thereof for an additional twelve months. The Corporation also amended the 248,209 Lender Warrants issued on October 1, 2018, by decreasing the exercise price to \$0.145 per share from \$0.20 per share and extended the expiry date to January 21, 2022. On March 25, 2019, the Corporation issued the Term Lender an additional 2,068 Lender Warrants, each such Lender Warrant entitling the Term Lender to acquire one Share in the Corporation at an exercise price of \$0.145 per share. These additional Lender Warrants expire on January 21, 2022.

Dean Shillington, a director of the Corporation, is the Chief Executive Officer of Maynbridge Capital Inc.

On April 28, 2017 pursuant to a Shares for Debt Agreement dated April 27, 2017 between the Corporation and D.S.S. Holdings Inc. (“**D.S.S.**”) the Corporation completed the conversion of \$2.5 million of the \$5.0 million owed by the Corporation to D.S.S. under a \$5.0 million vendor take-back note issued to D.S.S. by the Corporation in exchange for 10,000,000 Shares, representing a price of \$0.25 per share. On April 28, 2017 Dean Swanberg provided a guarantee for the Term Loan in the amount of any outstanding loan amount thereunder greater than \$17.5 million, limited to \$2.5 million (the “**Initial Guarantee**”) in respect of which the Corporation agreed to pay Dean Swanberg a fee equal to 3% per annum of the amount of the Initial Guarantee that remained outstanding from time to time (the “**Initial Guarantee Fee**”). On April 28, 2017 pursuant to a Shares for Debt Agreement dated April 27, 2017 between the Corporation and Dean Swanberg, the Corporation completed the conversion of the debt represented by the Initial Guarantee Fee payable to Dean Swanberg whereunder Dean Swanberg agreed to subscribe for and purchase such number of Shares, on a monthly basis, that will result by setting off and exchanging the value of the Initial Guarantee Fee payable at such time, at a price per share equal to the five-day volume weighted average trading price of the Shares on the TSXV for the last five trading days of each calendar month immediately preceding such date. On March 28, 2018 Dean Swanberg was released from the Initial Guarantee. On March 27, 2018 Dean Swanberg provided a guarantee in respect of the Corporation’s \$13.5 million credit facility limited to the amount of \$2,500,000 (the “**New Guarantee**”), in respect of which the Corporation

agreed to pay Dean Swanberg a fee equal to 5% per annum of the amount of the New Guarantee (the “**New Guarantee Fee**”). The April 27, 2017 Shares for Debt Agreement between the Corporation and Dean Swanberg was amended by an Amending Agreement dated March 28, 2018 whereunder the New Guarantee Fee was converted to debt and Dean Swanberg agreed to subscribe for and purchase such number of Shares, on a monthly basis, that will result by setting off and exchanging the value of the New Guarantee Fee payable at such time, at a price per share equal to the five-day volume weighted average trading price of the Shares on the TSXV for the last five trading days of each calendar month immediately preceding such date. Dean Swanberg is a director of the Corporation.

D.S.S. is a private Alberta corporation controlled by Dean Swanberg who is a director and the Interim Chief Executive Officer of the Corporation.

For the purposes of the above, “informed person” means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

#### **INTEREST OF DIRECTORS AND OFFICERS IN MATTERS TO BE ACTED UPON**

No person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation’s last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available under the Corporation’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information relating to the Corporation is provided in the Corporation’s comparative financial statements and management’s discussion and analysis (“**MD&A**”) for the year ended December 31, 2018. Shareholders may contact the Corporation to request copies of the financial statements and MD&A by contacting the Corporate Secretary of the Corporation at Suite 3000 - 500 - 4th Ave SW, Calgary, Alberta T2P 2V6, or by accessing the Corporation’s website at [www.zedcor.ca](http://www.zedcor.ca).

**SCHEDULE "A"**

**ZEDCOR ENERGY INC.  
(the "CORPORATION")**

**AUDIT COMMITTEE DISCLOSURE**

**1. Audit Committee Charter**

Purpose

The primary function of the Audit Committee (the "Committee") of the Board of Directors of the Corporation (the "Board") is to assist the Board in fulfilling its oversight responsibilities by reviewing:

1. the financial information that will be provided to the shareholders and others;
2. the systems of internal controls, management and the Board have established; and
3. all audit processes.

Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is overseen by the Board.

Composition

4. The Committee shall be composed of a minimum of three directors, a majority of whom shall be independent as that term is defined in National Instrument 52-110 - *Audit Committees*, to serve at the pleasure of the Board.
5. The Chair of the Committee shall be appointed by the Board.
6. All members of the Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Meetings

7. The Chair shall, in consultation with management and the external auditor, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Committee. The Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
8. The Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Committee shall be its Chair and one of its other members. The Committee may hold its meetings, and members of the Committee may attend meetings, by telephone conference if this is deemed appropriate.
9. The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to Committee members with copies to the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

Duties and Responsibilities of the Committee

10. The Committee reviews, prior to their presentation to the Board and their release, all material financial information required by securities regulations.
11. The Committee enquires about potential claims, assessments and other contingent liabilities.
12. The Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.

Authority

13. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Committee is a standing committee of the Board established to assist it in fulfilling its responsibilities in this regard. The Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Committee to ensure that management has done so.
14. The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
15. The Committee shall have direct communication channels with the internal auditors (if any) and the external auditors to discuss and review specific issues as appropriate.
16. The Committee shall have the sole authority to retain (or terminate) advisors or consultants as it determines necessary to assist the Committee in discharging its functions hereunder. The Committee shall be provided with the necessary funding to compensate the advisors or consultants retained by the Committee.

Relationship and External Auditors

17. An external auditor must report directly to the Committee.
18. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between management and the external auditor regarding financial reporting.
19. The Committee shall implement structures and procedures to ensure that it meets with the external auditor on a regular basis in the absence of management.

Accounting Systems, Internal Controls and Procedures

20. The Committee shall obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
21. The Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
22. The Committee shall review with the external auditor the quality and not just the acceptability of the Corporation's accounting principles and direct the external auditor's examinations to particular areas.

23. The Committee will review control weaknesses identified by the external auditors, together with management's response and review with external auditors their view of the qualifications and performance of the key financial and accounting executives.
24. In order to preserve the independence of the external auditor, the Committee will:
  - (a) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
  - (b) recommend to the Board the compensation for the external auditors' engagement; and
  - (c) review and pre-approve any engagements for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees, and consider the impact, if any, on the independence of the external auditor.
25. The Committee will review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
26. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
27. The Committee shall establish a periodic review procedure to ensure that the external auditor complies with the Canadian Public Accountability Regime under National Instrument 52-108 - *Auditor Oversight*.
28. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

#### Statutory and Regulatory Responsibilities

29. Annual Financial Information - review the annual audited financial statements, including Letter to Shareholders and related press releases and recommend their approval to the Board, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
30. Annual Report - review the management discussion and analysis ("MD&A") section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report.
31. Interim Financial Statements - review the quarterly interim financial statements, including the Letter to Shareholders and related press releases and recommend their approval to the Board.
32. Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.
33. In addition, the Committee must review the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information.

#### Reporting

34. The Committee will report, through the Chair of the Committee, to the Board following each meeting on the major discussions and decisions made by the Committee, and report annually to the Board on the Committee's responsibilities and how it has discharged them.

35. In addition, the Committee will review and reassess this Committee Charter annually and recommended any proposed changes to the Board of Directors for approval.

## **2. Composition of the Audit Committee:**

During the year ended December 31, 2018 the Audit Committee of the Corporation was composed of the following individuals:

J. Blair Goertzen <sup>(1)</sup>	Independent <sup>(2)</sup>	Financially literate <sup>(3)</sup>
Brian McGill <sup>(4)</sup>	Independent <sup>(2)</sup>	Financially literate <sup>(3)</sup>
Brad Munro <sup>(5)</sup>	Independent <sup>(2)</sup>	Financially literate <sup>(3)</sup>
Andy Purves <sup>(6)</sup>	Independent <sup>(2)</sup>	Financially literate <sup>(3)</sup>
Dean Shillington <sup>(7)</sup>	Not Independent <sup>(7)</sup>	Financially literate <sup>(3)</sup>

### **Notes:**

- (1) Mr. Goertzen resigned from the Board on January 15, 2018 and as at that date ceased to be a member of the Audit Committee.
- (2) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (3) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issued that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- (4) Mr. McGill was elected as a director on June 19, 2018 and thereafter appointed to the Audit Committee.
- (5) Mr. Munro did not stand for re-election to the Board at the annual shareholders meeting held on June 19, 2018 and as at that date ceased to be a member of the Audit Committee.
- (6) Mr. Purves was appointed to the Board and subsequently to the Audit Committee on January 15, 2018.
- (7) Mr. Shillington is not considered independent because of his material relationship with the Corporation as he is the Chief Executive Officer of Maynbridge Capital Corp., the senior lender of the Corporation.

## **3. Relevant Education and Experiences**

Mr. McGill is the Chair of the Audit Committee. Mr. McGill has been a Partner at Stawowski McGill since 2009 and with the firm since 2000, a company which provides advisory services, which includes corporate finance, structure, leadership and culture, to growing businesses primarily in the oil and gas services and manufacturing sector. Prior thereto, Mr. McGill was the Chief Financial Officer of a private group of oil services companies from 1993 to 2000, which was built up then sold to a large Canadian drilling contractor. Mr. McGill is a CPA, CA and has over 30 years of practical experience in corporate growth, acquisition strategies, and financial management of local and foreign subsidiaries in the US, South America, and the Caribbean. Mr. McGill is also a part time instructor of business finance at the University of Calgary.

Mr. Purves is the Vice President, Oil & Gas – Major Clients at Stantec Inc. Mr. Purves has extensive experience in respect of corporate finance matters as a result of the position he has held with Stantec Inc. since 2012.

Mr. Shillington has a breadth of experience as President, Chief Executive Officer and Founder of Knightsbridge Capital Group which provides specialized lending, equity and advisory solutions since 2007 and as Chief Executive Officer of Maynbridge Capital Corp. since March 2013. He holds a degree in Finance and Marketing from the University of Saskatchewan. Mr. Shillington serves on the board of directors of a number of private companies which operate in the industrial, consumer services and charitable sectors.

## **4. 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.

**5. 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 (De Minimis Non-audit Services) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

**6. Pre-Approval Policies and Procedures**

The Audit Committee Charter requires that the Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.

**7. External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years are as follows:

<b>Financial Period Ended December 31</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees</b>	<b>Tax Fees<sup>(2)</sup></b>	<b>All Other Fees</b>
2018	\$78,480	---	---	\$8,720
2017	\$92,650	---	---	\$9,429

**Notes:**

(1) The aggregate audit fees billed and accrued.

(2) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

**8. Exemption**

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110 pertaining to the composition of the Audit Committee and reporting obligations under NI 52-110.

**SCHEDULE "B"**  
**STOCK OPTION PLAN**

**ZEDCOR ENERGY INC.**

**INCENTIVE STOCK OPTION PLAN**

**1. INTERPRETATION**

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

- (a) **"Associate"** has the meaning ascribed thereto in the Securities Act;
- (b) **"Board"** means the Board of Directors of the Corporation;
- (c) **"Committee"** means a committee of Directors appointed by the Board as contemplated by Clause 3 hereof;
- (d) **"Common Share"** means a voting common share in the capital stock of the Corporation as constituted at October 1, 2011, and, after any adjustments pursuant to Clause 7 hereof, means the shares or other securities or property which, as a result of such adjustments and all prior adjustments pursuant to Clause 7, the holders of Options are then entitled to receive on the exercise thereof;
- (e) **"Consultant"** means an individual or company other than an employee or a director of the Corporation that is engaged to provide on an ongoing basis consulting, technical or management or other services to the Corporation under a written contract and spends a significant amount of time and attention on the affairs of the Corporation such that they are knowledgeable about the business and affairs of the Corporation;
- (f) **"Corporation"** means Zedcor Energy Inc. and any successor or continuing corporation resulting from any form of corporate reorganization;
- (g) **"Early Termination Date"** means, in respect of any Option, 5:00 p.m. (Calgary time) on the date that an Option terminates prior to the Normal Expiry Date;
- (h) **"Expiry Date"** means the Normal Expiry Date or the Early Termination Date, as the case may be;
- (i) **"Insider"** has the meaning ascribed thereto in the Securities Act;
- (j) **"Market Price"** at any date and in respect of an Option, means:
  - (i) where the Common Shares are not listed and posted for trading on a stock exchange, the value conclusively determined by the Board or Committee, as the case may be, on the Option Date; or
  - (ii) where the Common Shares are listed and posted for trading on a stock exchange, either:
    - A. the closing price of the Common Shares on the principal stock exchange on which they are traded on the last business day preceding the Option Date; or



- B. if the Common Shares did not trade on the last business day preceding the Option Date, the average of the bid and ask prices in respect of the Common Shares at the close of trading on such date on the principal stock exchange on which the Common Shares are listed and posted for trading;
- (k) **“Normal Expiry Date”** means, in respect of any Option, 5:00 p.m. (Calgary time) on the date determined by the Corporation and specified in the particular Option Agreement on which the Option would normally terminate, which date may not be later than five years after the Option Date;
- (l) **“Option”** means a right to purchase Common Shares pursuant to the Plan and an Option Agreement;
- (m) **“Option Agreement”** means an agreement entered into between the Corporation and a Participant pursuant to which an Option is granted to a Participant and which contains such provisions not inconsistent with the Plan as the Board or the Committee may determine;
- (n) **“Option Date”** means the date on which an Option is granted by the Corporation to a Participant which for greater certainty is the date on which the grant of the Option is approved by the Board or the Committee, as the case may be;
- (o) **“Option Shares”** means the Common Shares which a Participant is entitled to purchase under an Option whether or not the rights to purchase all such Common Shares have vested in and to the Optionee;
- (p) **“Optionee”** means a Participant who has entered into an Option Agreement with the Corporation;
- (q) **“Participant”** means, on any date, a person who is at least one of the following:
- (i) a person who is bona fide regularly employed by the Corporation or one of its subsidiaries on that date;
  - (ii) an officer of the Corporation or one of its subsidiaries on that date;
  - (iii) a director of the Corporation or one of its subsidiaries on that date;
  - (iv) a bona fide Consultant or advisor to the Corporation or one of its subsidiaries on that date; or
  - (v) to a corporation, the shares of which are wholly owned by a person described in subclause (i), (ii), (iii) or (iv);
- (r) **“Plan”** means the Corporation’s “Incentive Stock Option Plan” embodied herein, as from time to time amended;
- (s) **“Prior Plan”** means the Unit Option Plan of Canadian Equipment Rental Fund Limited Partnership effective May 12, 2005, as amended by Amendment No. 1 effective September 21, 2010;
- (t) **“Purchase Price”** means the purchase price of Option Shares under an Option Agreement determined as provided in subclause 6(b) of this Plan; and
- (u) **“Securities Act”** means the Securities Act (Alberta), as amended.

## 2. PURPOSE OF THE PLAN

The purpose of the Plan is to develop the interest of Optionees in the growth and development of the Corporation by providing such persons with the incentive and opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

## 3. ADMINISTRATION, PARTICIPANTS AND ALLOTMENTS

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

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

## 4. COMMON SHARES SUBJECT TO PLAN

- (a) The Corporation reserves for issuance that number of Common Shares equal to 10% of the Corporation's outstanding Common Shares from time to time, for the purposes of issuance pursuant to the exercise of outstanding Options granted to the Participants pursuant to the Plan.

In no event may the number of Option Shares issued under the Plan exceed the total number of Common Shares reserved for issuance hereunder.

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

For the purposes hereof, the number of issued and outstanding Common Shares is determined as the number of Common Shares that are issued and outstanding immediately prior to a proposed grant of Options excluding Common Shares issued pursuant to share compensation arrangements during the preceding one-year period.

## **5. PARTICIPATION VOLUNTARY**

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

## **6. CERTAIN TERMS OF OPTION AGREEMENTS**

In order to constitute a valid Option granted under this Plan, the Optionee and the Corporation must enter into an Option Agreement in the form acceptable to the Board or the Committee, as the case may be.

An Option Agreement may, in respect of any Option, specify a number or percentage of Option Shares that the Participant may exercise in any specified period, year or number of years. In addition, Option Agreements are deemed to contain the following provisions with respect to the exercise of Options under the Plan:

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

- (c) Each Option terminates on its Normal Expiry Date but subject always to the provisions of subclause 6(d) of this Plan.
- (d) If, after the Option Date and on or before the exercise in full of the Option or the Normal Expiry Date, the Optionee ceases to be a Participant:
  - (i) by reason of the Optionee's permanent physical or mental disability, or death, then such Optionee's Option may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee whether or not the rights to purchase some or all of those Option Shares have previously vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 90 days after the date the Optionee ceases to be a Participant due to such permanent physical or mental disability, or death. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder cease and expire and are of no further force and effect. For greater certainty but without limiting the generality of the foregoing, if the Optionee is deemed to be an employee of the Corporation pursuant to a medical or disability plan of the Corporation or a subsidiary thereof, the Optionee is deemed to be an employee for the purpose of the Plan and the Option; or
  - (ii) by reason of the Optionee's office, directorship or employment or services agreement with the Corporation terminating or ending otherwise than by reason of permanent physical or mental disability, or death or termination with or without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, then such Optionee's Option may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 21 days after the date the Optionee ceases to be a Participant due to the termination or ending of the Participant's office, directorship or employment or services agreement. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect; or
  - (iii) by reason of the Optionee's termination without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that the Optionee ceases to be a Participant. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect; or
  - (iv) by reason of the Optionee's termination, and the Optionee is entitled to reasonable notice of termination or compensation in lieu thereof, then:
    - A. the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee on or before the date of such ceasing to be a Participant, provided that such

exercise occurs at any time on or before the earlier of the Normal Expiry Date and:

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

B. the Optionee is not entitled:

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

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

- (e) With respect to subclause 6(d)(i), the rights under the Option exercisable after the death or disability of the Optionee, as therein specified, may be exercised by the person or persons to whom the Optionee's rights under the applicable Option Agreement pass by will or applicable law or, if no such person has such right, by the deceased or disabled Optionee's legal representatives.
- (f) An Optionee has no rights whatsoever as a shareholder in respect of any of the Option Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Common Shares in respect of which the Optionee has exercised his Option to purchase thereunder, which the Optionee has actually taken up and paid for, and which have been duly issued to the Optionee and are outstanding as fully paid and non-assessable Common Shares.

## 7. CHANGES IN STOCK

In the event:

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

then in any such case:

- (e) the Board will proportionately adjust the number of Option Shares available for Options, the number of Option Shares covered by outstanding Options, the securities or other property that

may be acquired upon the exercise of an Option and the price per Option Share in such Option, or one or more of the foregoing, to prevent substantial dilution or enlargement of the rights granted to, or available for, Optionees/Participants; and

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

and such determination or limitation, once made or set, is deemed to be incorporated into the applicable Option Agreement(s).

## **8. TAKEOVER BID**

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

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

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

## **9. SALE OF ASSETS OR CHANGE IN CONTROL**

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

- (a) the Corporation sells or otherwise disposes of all or substantially of its assets; or
- (b) any person who does not hold more than 20% of the issued and outstanding Common Shares acquires more than 20% of the outstanding Common Shares without the prior consent of the

Board, in any way other than by way of takeover bid (which circumstance is addressed in Clause 8 of this Plan),

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

**10. COMMON SHARES FULLY PAID AND NON-ASSESSABLE**

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

**11. CONDITIONS OF ISSUANCE OF SHARES**

- (a) If at any time the Board or Committee (as the case may be) determines, in its discretion that:
  - (i) the registration or qualification of the Common Shares which are the subject of any Option Agreement upon, or the consent or approval of, any securities exchange or any stock exchange upon which the Common Shares are listed;
  - (ii) the registration or qualification under any laws of Canada or any Province thereof or of the United States or any state thereof or the consent or approval of any regulatory authority thereof;
  - (iii) evidence (in form and content satisfactory to the Board) of the investment intent of the Optionee; or
  - (iv) an undertaking of the Optionee as to the sale or disposition of such Option Shares that may purchased pursuant to an Option Agreement to the effect that such Option Shares once purchased are not to be traded by the Optionee for a specified period of time,

is necessary or desirable as a condition of the issuance of any Option Shares pursuant to any Option Agreement, then the issuance of any Common Shares is not to be made unless and until such registration, qualification, consent, approval, evidence or undertaking has been effected or obtained free of any condition not acceptable to the Board or Committee.

- (b) Any trade by the Optionee in any Common Shares issued to the Optionee pursuant to the Plan including, without limiting the generality of the foregoing, any sale or disposition for valuable consideration, and any transfer, pledge or encumbrance of any Common Shares issued to an Optionee pursuant to the Plan, is subject to such regulatory approvals and other restrictions under applicable securities laws and regulatory policies as may be required at the time of such trade. Accordingly, the Corporation makes no representation as to the ability of any Optionee to trade in such Common Shares.
- (c) The Corporation cannot assure a profit or protect the Optionee against a loss on the Common Shares purchased under the Plan. The Corporation assumes no responsibility relating to any tax liability of the Optionee by reason of the exercise of any Option or any subsequent trade.

**12. ACCOUNTS AND STATEMENTS**

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

**13. RESTRICTION ON TRANSFER**

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

**14. INTERPRETATION, AMENDMENT AND DISCONTINUANCE**

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

**15. WAIVER**

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

**16. NOTICES**

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

**17. GENERAL**

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



**18. APPLICATION TO OUTSTANDING OPTIONS**

The Plan shall govern all outstanding options previously granted by Canadian Equipment Rental Fund Limited Partnership under the Prior Plan on and after the date of approval of the Plan by the Board and upon receipt from each holder of outstanding options granted under the Prior Plan of an agreement agreeing and acknowledging that their outstanding options granted under the Prior Plan are subject to the Plan, but in all other respects still subject to the same terms and conditions applicable on the initial date of grant thereof under the Prior Plan.





