



**NOTICE OF ANNUAL MEETING**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 13, 2020**

**April 2, 2020**

**TOTAL ENERGY SERVICES INC.**  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**to be held Wednesday, May 13, 2020**

**NOTICE IS HEREBY GIVEN** that the annual meeting (the "Meeting") of the holders ("Shareholders") of common shares ("Shares") of Total Energy Services Inc. (the "Corporation") will be held at the Petroleum Club at 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta on Wednesday, May 13, 2020 at 10:00 a.m. (Calgary time), for the following purposes:

- (a) to receive the consolidated financial statements of the Corporation as at and for the year ended December 31, 2019, together with the report of the auditors thereon;
- (b) to elect the directors of the Corporation for the ensuing year;
- (c) to appoint the auditors of the Corporation for the ensuing year; and
- (d) to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

Specific details of the matters to be put before the Meeting are set forth in the Information Circular accompanying this Notice of Meeting. Only Shareholders of record at the close of business on March 30, 2020 are entitled to receive notice of and to attend the Meeting, or any adjournment or adjournments thereof, and to vote thereat.

Your participation at the Meeting is important. If you are a registered Shareholder (i.e., you hold your Shares directly in your name and not through a broker or other intermediary), you may attend the Meeting in person and vote your Shares on any motions made at the Meeting. Alternatively, you may appoint a proxyholder to vote your Shares at the Meeting on your behalf. If you do not expect to attend the Meeting in person and would like your Shares to be voted, please complete a form of proxy (to appoint a proxyholder) as soon as possible, following the instructions set out in the accompanying management information circular (the "Circular") and the form of proxy. If you are a registered Shareholder and wish to complete and deposit a proxy to appoint a proxyholder, you may do so through the Internet, by telephone, by mail or by facsimile – please see the instructions set out in this Notice and Circular and the accompanying documents in that regard. To be valid, all proxies deposited by registered Shareholders must be received at the office of the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada (Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1) not later than 10:00 a.m. (Calgary time) on Monday, May 11, 2020 or forty-eight (48) hours (excluding Saturdays, Sundays and holidays) preceding any adjournment of the Meeting.

If you are a non-registered (beneficial) Shareholder (i.e., your Shares are not registered directly in your name, but are held through a broker or other intermediary), you must use the voting instruction form provided to you to vote your Shares at the Meeting. Instructions respecting the use of voting instruction forms are set out in the accompanying Circular and in the voting instruction form. Please note that if you are a non-registered (beneficial) Shareholder and you wish to attend the Meeting in person and vote Shares beneficially owned by you, you must arrange to appoint yourself as proxyholder, following the instructions set out in the accompanying Circular and in the voting instruction form.

In the event that any changes to the Meeting are required due to the impact of the COVID-19 pandemic, including, without limitation, as a result of social distancing requirements or otherwise, as the Corporation may deem necessary in order to mitigate health and safety risks to our community, shareholders, employees and other stakeholders, the Corporation will provide updated Meeting information to its stakeholders by way of news release, which will also be made available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.totalenergy.ca](http://www.totalenergy.ca).

Dated at the City of Calgary, in the Province of Alberta, this 2<sup>nd</sup> day of April, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Cam Danyluk*"

Cam Danyluk

Vice President, Legal, General Counsel and Corporate Secretary

## ANNUAL MEETING OF THE SHAREHOLDERS OF TOTAL ENERGY SERVICES INC.

### MANAGEMENT INFORMATION CIRCULAR

In the event that any changes to the Meeting (as defined below) are required due to the impact of the COVID-19 pandemic, including, without limitation, as a result of social distancing requirements or otherwise, as the Corporation may deem necessary in order to mitigate health and safety risks to our community, shareholders, employees and other stakeholders, the Corporation will provide updated Meeting information to its stakeholders by way of news release, which will also be made available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.totalenergy.ca](http://www.totalenergy.ca).

#### Solicitation of Proxies

**This Management Information Circular (the "Circular") is furnished in connection with the solicitation, by the management ("Management") of Total Energy Services Inc. ("Total Energy" or the "Corporation"), of proxies to be used at the annual meeting (the "Meeting") of the holders (the "Shareholders") of outstanding common shares in the capital of the Corporation (the "Shares"), which Meeting is to be held at the time and place and for the purposes set out in the accompanying Notice of Meeting and this Circular.** Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, newspaper advertisement, facsimile, e-mail or oral communication by the directors, officers and employees of the Corporation, at no additional compensation. All costs associated with the solicitation of proxies by or on behalf of Management will be paid by the Corporation.

#### Appointment and Revocation of Proxies

Daniel K. Halyk is an officer and director of the Corporation and Cam Danyluk is an officer of the Corporation. **A Shareholder has the right to appoint a person as proxyholder (who need not be a Shareholder), other than Daniel K. Halyk or Cam Danyluk, to represent such Shareholder at the Meeting.** To exercise that right, a Shareholder should strike out the names of Daniel K. Halyk and Cam Danyluk on the accompanying Instrument of Proxy and insert the name of the other person in the blank space provided on that Instrument of Proxy. Alternatively, a Shareholder may complete another appropriate form of proxy. A proxy will not be valid unless it is received by the transfer agent of the Shares, Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1. To be valid, a proxy must be received by Computershare Trust Company of Canada not later than 10:00 a.m. (Calgary time) on Monday, May 11, 2020 or forty-eight (48) hours (excluding Saturdays, Sundays and holidays) preceding any adjournment of the Meeting.

A Shareholder who has signed and returned a proxy may revoke that proxy: (a) by signing a proxy bearing a later date and depositing the same with Computershare Trust Company of Canada, at its address set out above, at least forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting or any adjournment thereof; (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by depositing written notice of revocation with Computershare Trust Company of Canada, at its address set out above, or 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 or by delivering it to the Chair of the Meeting; (c) by attending the Meeting and voting the Shares subject to the applicable proxy; or (d) in any other manner permitted by law.

#### Voting of Proxies

On any ballot that may be called for at the Meeting, the Management designees named in the accompanying Instrument of Proxy will vote or withhold from voting the Shares in respect of which they are appointed in accordance with the instructions of the Shareholder appointing them, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the applicable Shares will be voted accordingly. **In the absence of such direction, the relevant Shares will be voted FOR: (i) the election of the nominees as directors of the Corporation**

set forth in this Circular, and (ii) the appointment of auditors of the Corporation, all as more particularly described in this Circular.

#### Exercise of Discretion by Proxyholders

The accompanying Instrument of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and any other matters which may properly be brought before the Meeting. At the date of this Circular, Management knows of no such amendment, variation or other matter to be brought before the Meeting. If other matters are properly brought before the Meeting, it is the intention of the Management designees named in the accompanying Instrument of Proxy to exercise the voting rights attached to the applicable Shares in their best judgment.

#### Notice to Beneficial Holders of Shares

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of such Shareholders do not hold Shares in their own name.** Shareholders who do not hold their Shares in their own name ("Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation (as maintained by the applicable registrar and transfer agent for the Corporation) as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, investment dealer, bank, trust company, nominee or other intermediary (each, an "Intermediary"), then in almost all cases those Shares will not be registered in a holder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the holder's Intermediary or an agent of that Intermediary. 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 brokerage firms). The majority of Shares held in the United States are registered in the name of Cede & Co., the nominee for the Depository Corporation Company, which is the United States equivalent of CDS Clearing and Depository Services Inc. Shares held by Intermediaries or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the Intermediaries and their nominees are prohibited from voting Shares for their clients. The Corporation does not know for whose benefit the Shares registered in the name of CDS & Co. or Cede & Co. are held. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person well in advance of the Meeting and should contact their Intermediary promptly if assistance is required.**

Applicable Canadian regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. Every Intermediary 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. Often, the voting instruction form supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically mails a scannable voting instruction form in lieu of the applicable form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or access the internet to provide instructions in respect of the Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the applicable Shares voted at the Meeting.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of your Intermediary, a Beneficial Shareholder may attend at the Meeting as a proxyholder for the registered shareholder and vote such Beneficial Shareholder's Shares in that capacity. If a Beneficial Shareholder wishes to attend the Meeting and vote such Beneficial Shareholder's own Shares, a Beneficial

Shareholder must do so as proxyholder for the registered shareholder. To do this, a Beneficial Shareholder should contact their Intermediary well in advance of the Meeting.

### **Record Date and Entitlement to Voting**

The close of business (Calgary time) on March 30, 2020 (the "Record Date") has been established as the record date for purposes of determining Shareholders entitled to receive notice of and to attend and vote at the Meeting. Each Shareholder of record at the close of business on the Record Date is entitled to receive notice of and to attend and vote at the Meeting, except to the extent that: (a) the Shareholder has transferred any of his/her/its Shares after the Record Date; and (b) the transferee of those Shares produces properly endorsed share certificates or otherwise establishes that he/she/it owns the Shares, and demands, not later than ten (10) days before the Meeting that his/her/its name be included in the list of Shareholders, in which case the transferee will be entitled to receive notice of and to vote his or her Shares at the Meeting or any adjournment thereof.

In the case of Shares that are registered jointly in the names of more than one person, any one of such persons may vote the Shares at the Meeting in person or by proxy. If, however, more than one of them shall be present at the Meeting, in person or by proxy, and such joint owners (or the applicable proxyholders) disagree as to any vote to be cast, the joint owner present (or represented by proxy) whose name appears first in the register of Shareholders maintained by the transfer agent of the Shares will be entitled to cast such vote.

Each Share carries the right to one vote on any matter properly brought before the Meeting.

### **Shares and Principal Holders**

As at April 2, 2020, there were 45,081,300 Shares issued and outstanding. To the knowledge of the directors and officers of the Corporation, as at the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10% or more of the voting rights attached to the Shares which may be cast at the Meeting, except as follows:

Name	Number of Common Shares	Percentage of Outstanding Shares
Invesco Canada Ltd. <sup>(1)</sup>	8,096,550	17.8%
Foyston, Gordon & Payne Inc. <sup>(2)</sup>	5,728,489	12.6%
Burgandy Asset Management Ltd. <sup>(3)</sup>	5,047,403	11.0%
Fidelity Investments <sup>(4)</sup>	4,931,583	10.8%

Notes:

- (1) According to a report under National Instrument 62-103 filed on SEDAR on January 9, 2020.
- (2) According to a report under National Instrument 62-103 filed on SEDAR on January 10, 2020.
- (3) According to a report under National Instrument 62-103 filed on SEDAR on June 10, 2019.
- (4) According to a report under National Instrument 62-103 filed on SEDAR on September 10, 2019.

Information as to Shares beneficially owned is not within the knowledge of the Corporation and information as to beneficial ownership of securities set out in this Circular has been obtained from third party sources.

### **MATTERS TO BE CONSIDERED AT THE MEETING**

The business of the Meeting is to: (i) receive the audited consolidated financial statements of the Corporation for the immediately preceding fiscal year; (ii) elect the directors of the Corporation for the ensuing year; (iii) appoint the auditors of the Corporation for the ensuing year; and (iv) conduct any other business as may be properly brought before the Meeting.

## **Consolidated Financial Statements**

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2019, together with the auditors' report thereon, will be placed before the Meeting and are included in the Corporation's 2019 Annual Report to Shareholders. No action by Shareholders is required at the Meeting in respect of such financial statements and auditors' report thereon.

## **Election of Directors**

At the Meeting, Shareholders will be asked to consider and, if thought fit, pass an ordinary resolution electing each of the directors of the Corporation for the ensuing year. **Management intends to nominate and, unless otherwise directed, the Management designees named in the accompanying form of proxy intend to vote FOR the election of each of the individuals named below as directors of the Corporation for the ensuing year.**

All of the proposed nominees have consented to be named in this Circular, to stand for election and to serve as directors if elected. Each director elected will hold office until the close of the next annual meeting of Shareholders.

The articles of the Corporation stipulate there shall not be more than fifteen or fewer than three directors. There are currently six directors. In accordance with the by-laws of the Corporation, the board of directors of the Corporation (the "Board of Directors") has determined that six directors will be elected to serve for the ensuing year.

The accompanying form of proxy permits Shareholders to vote "for" or to "withhold" their vote for each nominee director. The Board of Directors has adopted a policy relating to the election of directors of the Corporation, which contemplates that any nominee who, on a ballot taken on the election of directors, has a greater number of votes withheld from voting than the number of votes received for his or her election shall tender his or her resignation to the Chair of the Board of Directors, subject to acceptance by the Board of Directors. Under the policy, the Corporate Governance and Nominating Committee is directed to consider any such resignation, having regard in its assessment to the best interests of the Corporation and any other factors considered relevant and to make a recommendation to the Board of Directors with respect to the resignation. The policy contemplates that the Board of Directors will make a determination with respect to the resignation and announce its decision in a news release within 90 days of the applicable annual meeting. A director who tenders his or her resignation under the policy shall abstain from any deliberations of the Corporate Governance and Nominating Committee or the Board of Directors relating to the resignation, unless the presence of the affected director at a meeting of the Corporate Governance and Nominating Committee or the Board of Directors is required to satisfy quorum requirements. If a resignation is accepted, the Board of Directors may fill the vacancy created by the resignation. Alternatively, the Board of Directors may determine to leave the resulting vacancy unfilled.

## ***Proposed Nominees***

The following table sets out the name and principal occupation of each proposed nominee, the period during which each proposed nominee has served as a director of the Corporation (including periods served as a director of predecessors of the Corporation) and the number of Shares beneficially owned by each proposed nominee (or over which each proposed nominee exercises control or direction) as at the date hereof.

**GEORGE CHOW**

AGE: 58

CALGARY, ALBERTA,  
CANADA

DIRECTOR SINCE 2017

INDEPENDENT

Mr. Chow is an independent businessman. Since 1994, Mr. Chow has held various executive positions with both public and private oilfield service companies. He was a founder of Savanna Energy Services Corp. where he served from 2001 until 2015, most recently as Executive Vice-President, Corporate. Mr. Chow received a Bachelor of Science degree in Mechanical Engineering in 1984 and a Bachelor of Laws Degree in 1988 from the University of Alberta. Prior to his career in oilfield services, Mr. Chow practiced securities law and obtained his P.Eng. designation in 1987. He has been a director of several public companies and is currently the Chair of the Independent Committee at Interra Energy Services Ltd., a privately held company. Mr. Chow is a member of the Institute of Corporate Directors, having completed the Directors Education Program and was awarded the Institute of Corporate Directors designation in 2010.

<b>Board / Committee Memberships</b>		<b>Attendance in 2019</b>	
Board of Directors	6/6	(100%)	
Compensation Committee	1/1	(100%)	
<b>Total Compensation</b>			
2019		\$64,282	
2018		\$60,084	
<b>Ownership of Securities<sup>(1)</sup></b>			
	Number	Market Value	Meet Minimum Share Ownership
Shares	21,300	\$35,145	Yes
<b>Other Public Board Memberships During the Past Five Years</b>			
Savanna Energy Services Corp.		2017	
<b>Voting Results from 2018 Annual Meeting</b>			
		For	Withheld
Number of Votes (%)		35,040,908 (96.6%)	1,231,404 (3.4%)

**GLENN DAGENAIS**

AGE: 62

CALGARY, ALBERTA,  
CANADA

DIRECTOR SINCE 2017

INDEPENDENT

Mr. Dagenais is an independent businessman. From 1992 until his retirement in 2015, Mr. Dagenais was Executive Vice President Finance and Chief Financial Officer of Ensign Energy Services Inc., a global oilfield services company. Mr. Dagenais received a Bachelor of Commerce degree from the University of Saskatchewan in 1978 and obtained his Chartered Accountant designation in 1981. Mr. Dagenais has been appointed to the Audit Committee and Corporate Governance and Nominating Committee of the Board of Directors of Total Energy.

<b>Board / Committee Memberships</b>		<b>Attendance in 2019</b>	
Board of Directors	6/6	(100%)	
Audit Committee	4/4	(100%)	
Corporate Governance and Nominating Comm.	1/1	(100%)	
<b>Total Compensation</b>			
2019		\$66,011	
2018		\$94,238	
<b>Ownership of Securities<sup>(1)</sup></b>			
	Number	Market Value	Meet Minimum Share Ownership
Shares	15,890	\$26,219	Yes
<b>Other Public Board Memberships During the Past Five Years</b>			
none			
<b>Voting Results from 2018 Annual Meeting</b>			
		For	Withheld
Number of Votes (%)		35,544,172 (98.0%)	728,140 (2.0%)

<b>DANIEL K. HALYK</b>  AGE: 51 CALGARY, ALBERTA, CANADA DIRECTOR SINCE 1996 NOT INDEPENDENT  Note: Mr. Halyk does not receive compensation for his role as a Director of Total Energy Services Inc.	Mr. Halyk is the President, Chief Executive Officer and a Director of Total Energy and the founder of the Corporation. Mr. Halyk has served as a director since 1996. He has been Chief Executive Officer since May 2002 and President since June 2007. Mr. Halyk does not sit on any committees of the Board of Directors. Since December 1997, Mr. Halyk has been a principal of Trident Capital Partners LP, a management and investment limited partnership. Prior to starting Trident Capital, Mr. Halyk was a corporate securities lawyer with Bennett Jones LLP in Calgary. Mr. Halyk received his Bachelor of Commerce (Finance Major) and Bachelor of Laws degrees from the University of Saskatchewan.			
	<b>Board / Committee Memberships</b>		<b>Attendance in 2019</b>	
	Board of Directors	6/6	(100%)	
	<b>Total Compensation</b>			
	2019	\$ -		
	2018	\$ -		
	<b>Ownership of Securities<sup>(1)</sup></b>			
		Number	Market Value	Meet Minimum Share Ownership
	Shares	1,493,174	\$2,463,737	Yes
	<b>Other Public Board Memberships During the Past Five Years</b>			
	Front Range Resources Ltd.	2016 – 2017		
	Savanna Energy Services Corp.	2017		
	<b>Voting Results from 2018 Annual Meeting</b>			
	For	Withheld		
Number of Votes (%)	36,123,671 (99.6%)	148,641 (0.4%)		

<b>GREGORY MELCHIN</b>  AGE: 66 CALGARY, ALBERTA, CANADA DIRECTOR SINCE 2009 INDEPENDENT	Mr. Melchin was appointed to the Board of Directors in September 2009. Mr. Melchin served as a Member of the Legislative Assembly of Alberta from 1997 to 2008. For seven years, he served as a Minister of the Crown, including Minister of Revenue from 2001 to 2004 and Minister of Energy from 2004 to 2006. Mr. Melchin left elected office in March of 2008 and currently serves on the Board of Directors of Baytex Energy Corp. and of Enmax Corporation, where he is Chair of the Board. Mr. Melchin received his Chartered Accountant designation in 1980 and his FCA designation in 2004. Mr. Melchin also received his Institute of Corporate Directors designation in 2007.			
	<b>Board / Committee Memberships</b>		<b>Attendance in 2019</b>	
	Board of Directors	6/6	(100%)	
	Audit Committee (Chair)	4/4	(100%)	
	Compensation Committee	1/1	(100%)	
	<b>Total Compensation</b>			
	2019	\$81,944		
	2018	\$94,467		
	<b>Ownership of Securities<sup>(1)</sup></b>			
		Number	Market Value	Meet Minimum Share Ownership
	Shares	55,346	\$91,321	Yes
	<b>Other Public Board Memberships During the Past Five Years</b>			
	Baytex Energy Corp.	2008 – Present		
Savanna Energy Services Corp.	2017			
<b>Voting Results from 2018 Annual Meeting</b>				
	For	Withheld		
Number of Votes (%)	35,927,116 (99.1%)	345,196 (0.9%)		



<b>BRUCE L. PACHKOWSKI</b>  AGE: 63 CALGARY, ALBERTA, CANADA DIRECTOR SINCE 1996 INDEPENDENT	Mr. Pachkowski serves as Chair of the Board of Directors and was one of the founding directors of Total Energy, having served as a director since 1996. Mr. Pachkowski is a principal of Trident Capital Partners LP, a management and investment limited partnership and was formerly a partner with Peat Marwick Thorne (now KPMG LLP). Mr. Pachkowski received a Bachelor of Commerce degree from the University of Calgary in 1977 and has been a Chartered Accountant since 1980 and a Chartered Business Valuator since 1990. Mr. Pachkowski is a member of the Institute of Corporate Directors, having completed the Directors Education Program and was awarded the Institute of Corporate Directors designation in 2012.			
	<b>Board / Committee Memberships</b>		<b>Attendance in 2019</b>	
	Board of Directors (Chair)	6/6	(100%)	
	Corporate Governance & Nominating Comm.	1/1	(100%)	
	Audit Committee	4/4	(100%)	
	<b>Total Compensation</b>			
	2019		\$127,391	
	2018		\$150,889	
	<b>Ownership of Securities<sup>(1)</sup></b>			
		Number	Market Value	Meet Minimum Share Ownership
	Shares	770,000	\$1,270,500	Yes
	<b>Other Public Board Memberships During the Past Five Years</b>			
	Kicking Horse Energy Inc.		2014 – 2015	
	Front Range Resources Ltd.		2016 – 2018	
Savanna Energy Services Corp.		2017		
<b>Voting Results from 2018 Annual Meeting</b>				
	For	Withheld		
Number of Votes (%)	34,866,508 (96.1%)	1,405,804 (3.9%)		

<b>ANDREW WISWELL</b>  AGE: 68 CALGARY, ALBERTA, CANADA DIRECTOR SINCE 2005 INDEPENDENT	Mr. Wiswell is an independent businessman and is President of a private advisory and investment corporation. Mr. Wiswell has held executive and financial roles and directorships in public companies including: President, Chief Executive Officer and Director of NAL Resources Management Limited; President, Chief Executive Officer and a director of Parkland Income Fund; President of ICG Propane; V.P. Marketing, Senior V.P. Finance and Chief Financial Officer, Gulf Canada. Mr. Wiswell currently serves on the Board of Directors of Mancal Corporation and Wolf Midstream Inc. Mr. Wiswell holds Bachelor of Arts and Bachelor of Laws degrees from the University of Manitoba in 1974 and a Master of Business Administration degree from the University of Western Ontario in 1980 and was awarded the Institute of Corporate Directors designation in 2012.			
	<b>Board / Committee Memberships</b>		<b>Attendance in 2019</b>	
	Board of Directors	6/6	(100%)	
	Compensation Committee	1/1	(100%)	
	Corporate Governance and Nominating Comm.	1/1	(100%)	
	<b>Total Compensation</b>			
	2019		\$68,599	
	2018		\$81,475	
	<b>Ownership of Securities<sup>(1)</sup></b>			
		Number	Market Value	Meet Minimum Share Ownership
	Shares	84,574	\$139,547	Yes
	<b>Other Public Board Memberships During the Past Five Years</b>			
	None			
	<b>Voting Results from 2018 Annual Meeting</b>			
	For	Withheld		
Number of Votes (%)	35,484,590 (97.8%)	787,722 (2.2%)		

Note:

- (1) Ownership of Securities information, including Market Value, as at April 1, 2020 based on a closing price on the Toronto Stock Exchange (the "TSX") of \$1.65 per Share.

Each non-executive director of the Corporation is paid an Annual Retainer of \$20,000, and a stipend of \$1,000 for each board meeting attended. The Chair of the Board also receives an additional annual fee of \$10,000. The Corporation mandates that each director of the Corporation purchase and hold a minimum of \$100,000 worth of Shares, as at the time of purchase, with such minimum ownership requirement being satisfied within five years of becoming a director of the Corporation, save and except for Mr. Halyk, whose ownership requirements are a minimum of 5 times his annual base salary, as at the time of purchase.

Members of the Audit Committee receive a stipend of \$1,500 for each Audit Committee meeting attended and the Chair of that Committee receives an annual fee of \$10,000. Members of the Corporate Governance and Nominating Committee and the Compensation Committee each receive a stipend of \$1,000 for each meeting attended. The Chair of the Corporate Governance and Nominating Committee receives an annual fee of \$2,500 and the Chair of the Compensation Committee receives an annual fee of \$5,000. See "Executive Compensation – Directors' Compensation".

	George Chow	Glenn Dagenais	Dan Halyk	Greg Melchin	Bruce Pachkowski	Andrew Wiswell
Audit		✓		Chair	✓	
Compensation	Chair			✓		✓
Corporate Governance & Nominating		✓			✓	Chair

Directors also participate in the Corporation's Long Term Incentive Plan ("LTIP"). The principal purposes of the LTIP are to develop the interest of the directors in the growth and development of the Corporation by providing such persons with the 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. Pursuant to the LTIP, an annual allocation of Shares is made by the Board of Directors, on the recommendation of the Compensation Committee, to LTIP participants based on the advice of the Compensation Committee. The current annual allocation of Shares for directors under the LTIP is determined by dividing \$60,000 (\$120,000 for the Chair of the Board) by the weighted average price of the Shares for the month of June. Each participant's aggregate entitlement vests quarterly over three years. Vested LTIP entitlement must be exercised within the quarter and each LTIP participant is responsible for purchasing his respective LTIP allocation in the open market and is reimbursed by the Corporation in respect of such purchases. Each LTIP participant meeting the minimum share ownership level has the option to elect a cash settlement for LTIP participation.

Effective April 1, 2020, the compensation of Directors was voluntarily reduced by 10% until such time as industry recovery occurs.

### ***Directors' Skills and Experience***

The Corporate Governance and Nominating Committee uses a comprehensive skills matrix to assess Board composition and to recruit new director candidates as part of Board succession. In addition, proposed Directors are selected for their integrity and character, independence, sound business judgement and overall business acumen.

The following table outlines the experience and background of our proposed Directors.

Director Skill/Experience	George Chow	Glenn Dagenais	Dan Halyk	Greg Melchin	Bruce Pachkowski	Andrew Wiswell
Industry Experience	✓	✓	✓	✓	✓	✓
Financial, Audit & Risk Management		✓	✓	✓	✓	✓
Legal and Public Policy Experience	✓	✓	✓	✓		✓
Senior Executive Experience	✓	✓	✓	✓	✓	✓
Technical, Operations and Engineering	✓	✓	✓	✓		✓
Health, Safety, Environmental and Social	✓	✓	✓	✓	✓	✓
International Business Experience	✓	✓	✓		✓	
Corporate Finance, M&A, Capital Markets	✓	✓	✓		✓	✓
Corporate Governance Experience	✓	✓	✓	✓	✓	✓
Strategic Planning Experience	✓	✓	✓	✓	✓	✓

### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

#### *Corporate Cease Trade Orders or Bankruptcies*

To the knowledge of the Corporation, none of the proposed directors of the Corporation, nor any personal holding company thereof owned or controlled by them, as applicable are, as at the date of this Circular, or have been, within the ten (10) years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days (each, an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

In addition, other than as set out below, none of the proposed directors, as at the date of this Circular, are or have been within ten (10) years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or have, within the ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee. Daniel Halyk and Bruce Pachkowski both served on the board of Milligan Biofuels Inc. ("Milligan"), a private company. Milligan was placed into receivership on February 1, 2018. Both Mr. Halyk and Mr. Pachkowski had resigned from the board of Milligan prior to the appointment of the receiver.

#### *Penalties or Sanctions*

To the knowledge of the Corporation, no proposed director of the Corporation, nor any personal holding company thereof owned or controlled by them: (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **Appointment of Auditors**

The Board of Directors, upon the recommendation of the Audit Committee of the Board of Directors, propose that KPMG LLP, Chartered Accountants of Calgary, Alberta be appointed as auditors of the Corporation, to hold such office until the next annual meeting of the Corporation.

**Unless otherwise directed, the Management designees named in the accompanying form of proxy intend to vote FOR the appointment of KPMG LLP as the auditors of the Corporation to hold office until the next meeting of Shareholders, at a remuneration to be determined by the Board of Directors.**

**The Board of Directors recommends that Shareholders vote FOR the appointment of KPMG LLP as the auditors of the Corporation.**

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### ***Overview***

The Compensation Committee of the Board of Directors is responsible for approving the goals and objectives of the Corporation's President and Chief Executive Officer, reviewing and recommending to the Board of Directors the remuneration of the Named Executive Officers (as defined below), developing compensation policies and reviewing succession planning. Members of the Compensation Committee as at December 31, 2019 were George Chow (Chair), Gregory Melchin and Andrew Wiswell. Each is independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"). The members of the Compensation Committee each have experience in leadership roles, broad knowledge of the energy industry and tenure as executives or directors of various public and private organizations. This background provides the Compensation Committee with the collective skills and experience to carry out its mandate effectively.

#### ***Compensation Philosophy and Objectives***

The philosophy adopted by the Board of Directors in respect of compensation matters is to establish, to the extent reasonably possible, objective criteria that motivate senior Management and are consistent with industry and Shareholder expectations. The Corporation's compensation program is designed to encourage performance that the Compensation Committee believes is in the best long-term interests of Shareholders. The Compensation Committee believes that overall levels of compensation should be primarily related to success in meeting specific, predetermined corporate objectives. The primary objective of the Corporation is to generate an industry leading return on invested capital while at the same time establishing and maintaining financial strength and flexibility and operating in a safe and efficient manner. The Corporation's compensation practices are ultimately structured to encourage achievement of this primary objective. In addition, the Compensation Committee strives to ensure that the compensation program appropriately limits risk taking on the part of Management. This risk mitigation is achieved in part by balancing short and long-term incentives, using staged vesting of stock options and imposing meaningful share ownership requirements.

The objectives of the Corporation's compensation program are to: (i) provide competitive compensation in order to enable the Corporation to attract, retain and motivate the executive personnel necessary to achieve the short and long-term business goals of the Corporation; (ii) encourage individual performance and achievement of corporate objectives; and (iii) align the interests of Management with the interests of the Shareholders.

Base compensation levels, including salaries, benefits and perquisites should be generally competitive but moderate and target median levels relative to comparable organizations. The incentive portion of the compensation program is intended to encourage and reward superior annual performance with respect to value creation and capital

efficiency, net capital asset growth, achievement of health and safety goals and objectives, individual performance and other contributions to the success of the Corporation.

The Compensation Committee's objective is to develop a balance between short-term compensation and long-term compensation. Short-term compensation (such as cash) rewards current performance and long-term compensation (such as equity which vests over time) serves as a retention tool and encourages executive officers to produce positive long-term results and align their interests with those of Shareholders. Further, the Corporation mandates that the Chief Executive Officer purchase and hold Shares equivalent in value to five times his annual base salary, as at the time of purchase, and that the other senior executives each purchase and hold Shares equivalent in value to three times his or her annual base salary, as at the time of purchase. The elements of the Corporation's compensation program are designed to promote the objectives of the Corporation's compensation program as a whole and balance these interests. The Compensation Committee does not expect any significant changes to its compensation policies and practices in 2020.

The Compensation Committee conducts an annual review to consider and, if necessary, adjust executive compensation. In conducting its review, the Compensation Committee compares current compensation levels with published industry surveys and internal reviews of industry competitors, and, if considered necessary, engages specialists in human resources and compensation to augment this comparative analysis. In addition, the Chief Executive Officer provides an individual performance review for each officer, excluding himself. The Chair of the Compensation Committee, together with the Chair of the Board of Directors, conducts a performance review of the Chief Executive Officer. Through this process, individual salary levels are determined and, if warranted by the objective criteria set forth in the formal bonus plan or by specific achievements beyond such plan, bonuses are awarded. Based upon the recommendation of the Compensation Committee, the compensation of the Chief Executive Officer, the Chief Financial Officer, the Vice President, Operations, the Vice President, Field Services, the Vice President, Legal and General Counsel and the Vice President, Drilling Services is reviewed and, if considered appropriate, approved by the Board of Directors.

The Corporation has not retained a compensation consultant or advisor at any time during the most recently completed financial year.

#### ***Elements of the Corporation's Compensation Program***

There are three components to the Corporation's compensation program. These consist of an annual base compensation, an annual incentive bonus and a long-term incentive plan.

The overall compensation decision in respect of individual executives begins with consideration of an appropriate base level of compensation (which includes base salary, perquisites and other benefits generally available to all employees). The annual incentive bonus component is determined having regard primarily to the relative success of the executive team in meeting and achieving predetermined criterion designed to measure executive performance. The annual incentive bonus component is limited in the case of each executive to a percentage of base salary. The long-term incentive plan consists of the granting of share options ("Share Options") pursuant to the Corporation's share option plan (the "Share Option Plan"), a share purchase assistance plan and an employee savings plan.

#### ***Annual Base Compensation***

The Chief Executive Officer reviews and recommends the base salary for each of the Corporation's executive officers (other than with respect to the Chief Executive Officer), which recommendations are reviewed and considered by the Compensation Committee which, in turn, submits its recommendations to the Board of Directors for a final determination. Compensation of the Chief Executive Officer is determined by the Compensation Committee following discussions with the Chief Executive Officer and recommendations are subsequently submitted for approval by the Board of Directors. Base salary recognizes and compensates executive officers for their position, experience and professional qualifications and the level of responsibility of the position.

When considering adjustments to the base salaries of the executive officers, the Compensation Committee and the Board of Directors review and discuss data on salaries in the oil and gas services industry generally and consider the current and prospective business and operating environment. The Compensation Committee also reviews, with the Chief Executive Officer, the experience and responsibilities of each of the executives in relation to salary recommendations for all executive officers other than himself. The purpose of base salary is to create cash compensation for executive officers that is competitive in the industry and will enable the Corporation to attract, motivate, and retain high quality executives.

The Corporation's general approach is to target base salaries at the median as determined by reference to the Petroleum Services Association of Canada's Annual Compensation Survey report of compensation practices in the Canadian oil and gas services sector, with annual and long-term incentives intended to provide exceptional performers the opportunity to realize gains above the median when identified personal and corporate objectives are met and exceeded.

The executive officers also participate in other group benefit plans, including life insurance, disability insurance and health and dental insurance that are available to all employees of the Corporation and its Subsidiaries. Certain of the executive officers also have the use of vehicles that are provided by the Corporation (except for the President and Chief Executive Officer and the Vice President, Legal and General Counsel who are responsible for providing their own vehicles) and are provided with parking and certain club memberships. The specifics of these perquisites are enumerated in the discussion below of each executive officer's employment agreement with the Corporation. During 2019, the Compensation Committee did not make any changes to the other perquisites that the executive officers receive.

#### *Annual Incentive Bonus*

The Corporation provides annual incentive compensation to executive officers in the form of cash. The annual incentive bonus is intended to provide the opportunity for executive officers to realize additional gains when the Corporation's annual performance objectives are met or exceeded and/or when their individual job performance is exceptional based on an annual formal performance review.

The current annual bonus plan provides that bonuses for senior executives will be based on four criteria:

- 1) Economic Profit – Achieving an incremental return that meets or exceeds the Corporation's weighted average cost of capital;
- 2) Health, Safety and Environmental ("HSE") Performance – Consideration of key HSE performance metrics being in line with expectations
- 3) Capital Asset Growth – Increase to capital assets by organic growth and/or acquisitions; and
- 4) Individual Performance – Evaluation of individual performance based on mutually agreed upon goals and objectives.

All senior executives have the same weighting applied for each of the four criteria. Economic Profit is given the largest weighting at 50% as it generally indicates how successful the Corporation has been in investing its capital, managing its operations and creating shareholder value. Economic Profit is calculated by deducting the Corporation's weighted average cost of capital ("WACC") from the Corporation's net operating profit after-tax ("NOPAT") expressed as a percentage of the average amount of the Corporation's invested capital for the year ("NOPAT Return"). The calculation of NOPAT and invested capital is based on the Corporation's audited annual financial statements and is confirmed by the Corporation's external auditor in the event that Economic Profit is positive. The Corporation's WACC is determined annually by an independent investment banking firm. The bonus percentage is earned if the Corporation's NOPAT Return meets or exceeds WACC.

The HSE Performance bonus component creates incentives for ever-improving health, safety and environmental performance and is given a weighting of 15%. The HSE Performance bonus component is calculated by considering the Corporation's Total Recordable Incident Frequency ("TRIF") and applying certain thresholds. No bonus is earned if the Corporation experiences a fatality. If no fatality, 50% of this bonus component is earned if the annual TRIF is below 2.50. If no fatality and the annual TRIF is below 2.50, an additional 25% of the bonus component will be earned if the TRIF is within 110% of the previous year. Finally, if all three of the previous thresholds were met, the remaining 25% of the bonus component will be earned if TRIF was less than the previous year.

Capital Asset Growth is given a weighting of 10%. Capital Asset Growth is a measure of how successful the Corporation is in deploying capital in order to meet its growth objectives. Capital Asset Growth is calculated by determining the annual percentage increase to capital assets. No bonus percentage for this component is earned if Capital Asset Growth is less than 10%, 25% of the bonus is earned if Capital Asset Growth meets or exceeds 10% with a sliding scale such that the full 100% bonus is earned where Capital Asset Growth is 15% or greater.

Individual Performance comprises a 25% weighting of the total bonus. Annually, the Chief Executive Officer's performance will be evaluated by the Compensation Committee and the other senior executives will be evaluated by the Chief Executive Officer. In addition to other quantitative and qualitative factors such as a track record of integrity and leadership, good judgment, the vision and ability to manage the Corporation and to create sustainable growth, the following table sets out the individual performance goals for each of the officers set forth therein.

<b>Name</b>	<b>Goals</b>
Daniel K. Halyk President and Chief Executive Officer	Direct the overall business activities and organizational policies with the objective of generating an industry leading and sustainable return on invested capital.
Yuliya Gorbach Vice President, Finance and Chief Financial Officer	Ensure the accuracy and timeliness of all financial reporting. Provide overall direction for accounting, budgeting, tax, treasury and credit functions.
Bradley J. Macson Vice President, Operations	Develop and implement operating policies and procedures to maximize operational efficiencies and achieve health, safety and environmental goals and objectives.
W. Gerry Crawford Vice President, Field Services	Develop and maintain long-term, collaborative relationships with key stakeholders, including employees, customers, suppliers and regulatory agencies to enhance field operations and seek out opportunities for revenue growth and cost efficiencies.
Cam Danyluk Vice President, Legal, General Counsel and Corporate Secretary	Ensure legal and regulatory compliance and provide efficient legal and regulatory support throughout the organization.
William Kosich Vice President, Drilling Services	Develop and maintain long-term, collaborative relationships with key stakeholders, including employees, customers, suppliers and regulatory agencies to enhance field operations and seek out opportunities for revenue growth and cost efficiencies.

By placing emphasis on variable compensation, the Corporation aims to tie a portion of the total executive compensation package to improvements in the Corporation's absolute and relative performance and consequently, the value of the Shares.

### *Long Term Incentives*

The long-term incentive plan consists of the granting of Share Options pursuant to the Share Option Plan, a share purchase assistance plan and an employee savings plan.

#### Share Purchase Assistance Plan

The share purchase assistance plan (the "SPAP") was adopted by the Corporation in 2005, under which the Corporation has agreed to reimburse participants for interest charged on a personal loan if the proceeds of such loan are used by the participant to purchase Shares in the market. The SPAP was implemented to assist senior executives and divisional general managers to increase their economic interest in the Corporation and therefore better align their interests with the interests of Shareholders.

The Corporation mandates that the Chief Executive Officer purchase and hold Shares equivalent in value to five times his annual base salary, as at the time of purchase, and that the Chief Financial Officer, the Vice President, Operations, the Vice President, Field Services, the Vice President, Legal and General Counsel and the Vice President, Drilling Services each purchase and hold Shares equivalent in value to three times his or her annual base salary, as at the time of purchase.

The personal loans are provided to participants by a Canadian chartered bank and participants are required to satisfy the credit and other conditions or requirements imposed by such Canadian chartered bank. The Corporation does not, directly or indirectly, extend or maintain credit or arrange for the extension of credit and does not guarantee or otherwise provide security for the personal loans. Participants are required to apply any dividends paid on the Shares purchased with the personal loan pursuant to the SPAP towards repayment of the personal loan. The Corporation's obligation to reimburse participants for interest generally continues for approximately four years from the date of the loan and is subject to earlier termination upon resignation of the participant from the Corporation and upon termination for cause. During the year ended December 31, 2019, an aggregate of \$35,988 was paid by the Corporation to participants in the SPAP (the entirety of which was paid in favour of the Named Executive Officers as a group).

#### Share Option Plan

In order to provide a long-term component to the executive compensation program, certain officers and employees are granted Share Options pursuant to the Share Option Plan from time to time. The Share Option Plan was approved by the Shareholders at the Corporation's annual and special meeting on May 21, 2015 and was amended on June 27, 2017 and on May 15, 2019. Such amendments were to: (a) increase the number of Shares reserved for issuance under the Share Option Plan, (b) remove consultants as participants in the Share Option Plan; (c) amend the amending provisions of the Share Option Plan to specify the types of amendments that require approval of Shareholders; and (d) make certain amendments of a procedural or "housekeeping" nature. A summary of the Share Option Plan is set out below, which is qualified in its entirety by the full text of the Share Option Plan.

*Purpose.* The principal purposes of the Share Option Plan are:

- (a) to enable the Corporation (and its affiliates) to attract and retain qualified officers and employees;
- (b) to promote a proprietary interest in the Corporation on the part of officers and employees of the Corporation (and its affiliates), by providing such persons with the opportunity to acquire an equity interest in the Corporation or augment their equity interest in the Corporation, as the case may be; and
- (c) to provide an additional incentive to officers and employees in their efforts on behalf of the Corporation (and its affiliates).



*Eligible Participants.* Under the Share Option Plan, the Board of Directors may, from time to time, issue Share Options to officers and employees of the Corporation (and its affiliates) and to corporations that are controlled by any such officers and employees. However, non-Management directors of the Corporation are not eligible to receive grants of Share Options under the Share Option Plan.

*Fixed Maximum Plan.* The maximum number of Shares reserved for issuance pursuant to Share Options granted under the Share Option Plan may not exceed 4,575,000 Shares. As at April 2, 2020, an aggregate of 3,885,000 Shares which are subject to Share Options granted under the Share Option Plan were outstanding representing 8.6% of the issued and outstanding Shares at such date. As at April 2, 2020, 690,000 Shares remain issuable on further grants under the Share Option Plan.

*Maximums.* The number of Share Options are subject to the following restrictions: (a) no one Share Option holder shall be granted Share Options that, when combined with any other security based compensation arrangement of the Corporation, would entitle the Share Option Holder to purchase more than 5% of the number of issued and outstanding Shares of the Corporation; (b) the number of Shares reserved at any time for issuance to insiders pursuant to Share Options, when combined with the number of Shares issuable to insiders pursuant to all other security based compensation arrangements of the Corporation, shall not exceed 10% of the number of issued and outstanding shares of the Corporation; and (c) the number of Shares issued to insiders pursuant to the exercise of Share Options, within any one-year period, when combined with the number of Shares issuable to insiders pursuant to all other security based compensation arrangements of the Corporation, shall not exceed 10% of the number of issued and outstanding Shares.

*Exercise Price.* The exercise price of each Share Option is determined by the Board of Directors at the time such Share Option is granted, provided that it is not less than the market price. The market price is the five (5) day weighted average trading price of the Shares on the TSX, calculated as of the close of trading on the last trading day prior to the date the Share Option is granted; provided that in the event the Shares are not listed on any exchange at the time Share Options are granted hereunder, the exercise price will not be less than the market price determined by the Board of Directors.

*Vesting.* All Share Options vest and are exercisable from time to time, as determined by the Board of Directors. All of the Share Options granted by the Board of Directors are currently subject to time-based vesting criteria.

*Expiry.* All Share Options are subject to a fixed term, which shall be no greater than ten (10) years (or such longer period as is permitted by the TSX. Unless otherwise determined by the Board of Directors, if any Share Option is scheduled to expire (a) at a time when the holder of the Share Option is subject to restrictions on trading securities of the Corporation under a trading "blackout" established by the Corporation or (b) within five (5) business days after the termination of such blackout period, the Share Option will, notwithstanding the scheduled expiry date of such Share Option, expire as of the date that is ten (10) business days following the end of such applicable blackout period and shall be exercisable by the holder at any time up to the applicable time on such revised expiry date.

*Cessation of Entitlement.* The Board of Directors has the authority, subject to the provisions of the Share Option Plan, to determine all of the terms and conditions of Share Options and may determine that: (a) a Share Option is exercisable only during the term of employment and for a limited period of time after termination; (b) a Share Option can be exercised for a period of time, or for its remaining term, after the death, incapacity or permanent disability of a Share Option holder; (c) if a Share Option holder ceases to be an officer or employee or a service provider for any reason whatsoever (other than as a result of death, incapacity or permanent disability), the Share Option holder may only exercise his or her Share Options before the earlier of ninety (90) (or fewer) days after such cessation and the expiry date; and (d) in the event of the death, incapacity or permanent disability of a Share Option holder, vested Share Options will continue to be exercisable only before the earlier of twelve (12) months (or sooner) after the date of death, incapacity or permanent disability and the expiry date.

*Anti-Dilution Provisions.* The Share Option Plan contains anti-dilution provisions, which permit the Board of Directors to make adjustments to the Share Option Plan and the Share Options granted under the Share Option Plan in certain circumstances to prevent substantial dilution or enlargement of the rights granted to, or available for, holders of

Share Options. These adjustments may be made in the following circumstances: (a) any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (b) any stock dividend paid to holders of Shares (other than such stock dividends issued at the option of Shareholders in lieu of substantially equivalent cash dividends); (c) any rights are granted to all or substantially all of the holders of Shares to purchase Shares at a price less than 85% of the fair market value of the Shares at the date of grant; or (d) as a result of any recapitalization, merger, consolidation or otherwise, the Shares are converted into, or exchanged for, any other shares.

*Take-Over of the Corporation.* The Share Option Plan provides that all outstanding unexercised and unvested Share Options shall vest and become immediately exercisable in the event an "unsolicited offer" is made to purchase outstanding Shares. For purposes of the Share Option Plan, an "unsolicited offer" is an offer to purchase Shares made generally to the holders of those Shares that is in the nature of a formal takeover bid, in respect of which neither the Board of Directors nor Management solicited, sought out or otherwise arranged for the making of the offer.

The Share Option Plan also includes a right of the Corporation to terminate all outstanding Share Options in the following circumstances:

- (a) the acquisition by any person or any group of persons acting jointly or in concert within the meaning of applicable securities laws (the "offeror"), directly or indirectly, of such number of Shares as entitles the offeror to acquire, pursuant to the compulsory purchase provisions of the *Business Corporation Act* (Alberta), or such other governing legislation as may apply to the Corporation at the time, all remaining Shares not already acquired by the offeror, or
- (b) the receipt of all required shareholder, regulatory and court approvals, as applicable, for an amalgamation, arrangement, consolidation, merger or other business combination pursuant to which the offeror will, directly or indirectly, upon completion thereof, acquire all of the issued and outstanding Shares.

Holders of Share Options that are terminated by the Corporation in such circumstances are entitled to receive compensation for the in-the-money amount of the terminated Share Options, having regard to the consideration to be paid to Shareholders generally under the applicable transaction.

*Non-Assignability.* Share Options cannot be assigned or transferred by a Share Option holder except for: (a) a limited right of assignment to allow the exercise of Share Options by a holder's heirs, executor or legal representative in the event of death, incapacity or permanent disability, subject to the terms upon which the Share Option is granted; and (b) with the approval of the Board of Directors and the TSX (if required), a right to transfer such Share Options to a corporation controlled by the holder and wholly-owned by the holder and/or his or her spouse and/or children.

*Financial Assistance.* The Corporation does not provide any financial assistance to Share Option holders for the exercise of Share Options.

*Amendments.* The Corporation retains the right, subject to TSX approval, to amend the Share Option Plan by resolution of the Board of Directors. More specifically, the Board of Directors shall have the power and authority to approve amendments to the Share Option Plan or to Share Options, without further approval of the Shareholders, including, without limitation, to the extent that such amendment: (a) is for the purpose of curing any ambiguity, error or omission in the Share Option Plan or to correct or supplement any provision of the Share Option Plan that is inconsistent with any other provision of the Share Option Plan; (b) is necessary to comply with applicable law or the requirements of any stock exchange on which the Shares are listed; (c) is an amendment to the Share Option Plan respecting administrative matters; (d) changes the vesting provisions of any Share Option; (d) changes the termination provisions of a Share Option or the Share Option Plan in a manner that does not entail an extension of any Share Option beyond its original expiry date; or (e) is an amendment of a housekeeping nature. However, the Board may not make any amendments to the Share Option Plan, without approval of the Shareholders, that: (a) increase the number of Shares reserved for issuance; (b) reduce the Exercise price of any Share Option; (c) cancel or

reissue any Share Option; (d) extend the term of any Share Option beyond the original expiry of such Share Option; (e) add any form of financial assistance by the Corporation for the exercise of Share Options; (f) result in dilution of the number of outstanding Shares or any material benefit to an eligible participant; (g) expands the circumstances under which Share Options may be assigned or transferred; (h) would broaden or increase insider participation; or (i) change the amending provisions.

For more information about the Share Option Plan, see "Securities Authorized for Issuance Under Equity Compensation Plans".

#### Employee Savings Plan

The employee savings plan was established for the benefit of all Canadian and US based employees of the Corporation and its subsidiaries. The employee savings plan is intended to increase the economic interest of employees in the Corporation and to thereby further align the interests of employees with the interests of Shareholders. Employees are generally required to complete three months of service to become eligible to participate in the employee savings plan.

Under the employee savings plan for Canadian-based employees, if the employees (including the Named Executive Officers) elect to contribute a portion of their salary to the employee savings plan, a contribution of 1.5 times that amount is made by the Corporation. The maximum amount that may be contributed by an employee ranges from 2% to 6% of the employee's base compensation, depending upon the number of years of service. Contributions made by employees are deposited directly into an individual registered retirement savings plan maintained by a third-party retirement savings company on each individual's behalf, and employees have the option to direct their investment into numerous funds. If an employee does not contribute a portion of their salary, a contribution ranging from 1.5% to 4.5% of the employee's base compensation, depending upon the number of years of service, is made by the Corporation. In both cases, contributions provided by the Corporation are forwarded to an account manager and deposited into individual investment accounts for the benefit of participating employees. Those contributions are used by the account manager to purchase Shares in the market. Effective April 1, 2020, the Corporation contributions to the above noted plan have been reduced by 50% until such time as industry recovery occurs.

Under the employee savings plan for US-based employees, if the employees elect to contribute a portion of their salary to the employee savings plan, a contribution of 1.0 times that amount is made by the Corporation. The maximum amount that may be contributed by an employee is 5% of the employee's base compensation, regardless of years of service. Contributions made by employees are deposited directly into an individual 401k plan maintained by a third-party retirement savings company on each individual's behalf, and employees have the option to direct their investment into numerous funds. If an employee does not contribute a portion of their salary, no contribution is made by the Corporation.

During the year ended December 31, 2019, an aggregate of \$4,352,939 was contributed to the Savings Plan for Canadian-based employees and US\$659,008 for US-based employees by the Corporation by way of matching contributions of employees (\$115,650 of the aggregate amount was contributed in respect of the Named Executive Officers as a group).

#### **Summary Compensation Table**

The following table sets forth the compensation for the President and Chief Executive Officer, the Vice President, Finance and Chief Financial Officer, the Vice President, Operations, the Vice President, Field Services, the Vice President, Legal, General Counsel and Corporate Secretary and the Vice President, Drilling Services of the Corporation during the financial years ended December 31, 2019, 2018 and 2017 in such capacities with the Corporation, during such financial years. These individuals are collectively referred to herein as the "Named Executive Officers".

Name and principal position	Year	Salary <sup>(5)</sup> (\$)	Share-based awards (\$)	Option-based awards <sup>(2)</sup>	Non-equity incentive plan compensation <sup>(3)</sup> (\$)		All other compensation (\$) <sup>(4)</sup>	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans		
Daniel K. Halyk President and Chief Executive Officer <sup>(1)</sup>	2019	275,000	Nil	143,797	165,000	Nil	15,750	599,547
	2018	275,000	Nil	Nil	190,000	Nil	15,750	480,750
	2017	238,304	Nil	638,216	540,000 <sup>(6)</sup>	Nil	13,545	1,430,065
Yuliya Gorbach Vice President, Finance and Chief Financial Officer	2019	210,000	Nil	143,797	95,000	21,537	18,900	489,234
	2018	210,000	Nil	Nil	120,000	22,416	18,900	371,316
	2017	183,375	Nil	498,967	160,000 <sup>(6)</sup>	19,026	16,504	877,872
Bradley J. Macson Vice President, Operations	2019	230,000	Nil	143,797	121,000	Nil	20,700	515,497
	2018	230,000	Nil	Nil	145,000	Nil	20,700	395,700
	2017	204,775	Nil	498,867	295,000 <sup>(6)</sup>	Nil	18,230	1,016,972
W. Gerry Crawford Vice President, Field Services	2019	230,000	Nil	143,797	121,000	Nil	20,700	515,497
	2018	230,000	Nil	186,554	145,000	Nil	20,700	582,254
	2017	204,775	Nil	92,831	145,000	Nil	18,430	461,036
Cam Danyluk Vice President, Legal, General Counsel and Corporate Secretary	2019	210,000	Nil	143,797	95,000	Nil	18,900	467,697
	2018	210,000	Nil	Nil	110,000	Nil	18,900	338,900
	2017	183,375	Nil	498,967	360,000 <sup>(6)</sup>	Nil	16,503	1,058,845
William Kosich Vice President, Drilling Services	2019	230,000	Nil	143,797	121,000	14,451	20,700	529,948
	2018	230,000	Nil	Nil	155,000	5,409	17,250	407,659
	2017	204,775	Nil	498,967	155,000	Nil	12,287	871,029

Notes:

- Figures shown represent the aggregate of amounts paid to Mr. Halyk and to Myrdan Investments Inc., a management consulting corporation wholly-owned by Mr. Halyk. Mr. Halyk did not receive any compensation in his capacity as a member of the Board of Directors.
- The Corporation has calculated the grant date fair value of the Share Options granted to Named Executive Officers using the Black-Scholes-Merton model. The Corporation chose this methodology because it is recognized as the most common methodology used for valuing options and doing value comparisons. The Black-Scholes-Merton assumptions used for 2019 are: (i) an initial expected life of 3-5 years; (ii) an expected annual dividend of \$0.24 per Share; (iii) a forfeiture rate of 11%; (iv) a range of volatilities of 24.21% to 27.16%; and (v) a range of risk-free interest rates from 1.46% to 1.50%. The Black-Scholes-Merton assumptions used for 2018 are: (i) an initial expected life of 3-5 years; (ii) an expected annual dividend of \$0.24 per Share; (iii) a forfeiture rate of 9%; (iv) a range of volatilities of 25.88% to 27.88%; and (v) a range of risk-free interest rates from 1.93% to 2.17%. The Black-Scholes-Merton assumptions used for 2017 are: (i) an initial expected life of 3-5 years; (ii) an expected annual dividend of \$0.24 per Share; (iii) a forfeiture rate of 5%; (iv) a range of volatilities of 26.05% to 29.14%; and (v) a range of risk-free interest rates from 0.96% to 1.43%.
- Non-equity incentive plan compensation consists of annual incentive bonuses described herein and long-term incentive plans. Long-term incentive plans consist of the SPAP. In connection with the SPAP, the Corporation made reimbursement payments to Ms. Gorbach in 2019, 2018 and 2017 in the amounts of \$21,537, \$22,416 and \$19,026, respectively and to Mr. Kosich in 2019 and 2018 in the amount of \$14,451 and \$5,409, respectively. Additional information in respect of the SPAP is set out under the heading "Executive Compensation – Compensation Discussion and Analysis – Elements of the Corporation's Compensation Program – Share Purchase Assistance Plan".
- Other compensation includes the employee savings plan. The Corporation does not have a pension plan.
- Effective April 1, 2020, all NEOs voluntarily reduced their base salaries by 10% to 15%. Between November 1, 2015, and July 1, 2017, all NEOs voluntarily reduced their base salaries by 5% to 10%.
- Includes a one-time transaction bonus paid to certain NEOs in regards to the acquisition of Savanna Energy Services Corp. Messrs. Halyk, Danyluk and Macson and Ms. Gorbach received discretionary bonuses of \$350,000, \$250,000, \$150,000 and \$40,000, respectively.

## Outstanding Option-Based Awards

The following table outlines the option-based awards outstanding as at December 31, 2019. No share-based awards have been granted by the Corporation.

Name	Number of securities underlying unexercised Share Options <sup>(1)</sup> (#)	Number of Share Options that have not Vested <sup>(2)</sup> (#)	Share Option exercise price (\$)	Share Option expiration date	Value of unexercised in-the-money Share Options <sup>(3)</sup> (\$)
Daniel K. Halyk	175,000	-	\$14.13	July 29, 2020	-
	275,000	91,666	\$12.69	June 27, 2022	-
	100,000	100,000	\$9.51	May 17, 2024	-
Yuliya Gorbach	135,000	-	\$14.13	July 29, 2020	-
	215,000	71,666	\$12.69	June 27, 2022	-
	100,000	100,000	\$9.51	May 17, 2024	-
Bradley J. Macson	135,000	-	\$14.13	July 29, 2020	-
	215,000	71,666	\$12.69	June 27, 2022	-
	100,000	100,000	\$9.51	May 17, 2024	-
W. Gerry Crawford	135,000	-	\$14.13	July 29, 2020	-
	40,000	-	\$12.69	June 27, 2022	-
	75,000	25,000	\$13.54	March 9, 2023	-
	100,000	100,000	\$9.51	May 17, 2024	-
Cam Danyluk	135,000	-	\$14.13	July 29, 2020	-
	215,000	71,666	\$12.69	June 27, 2022	-
	100,000	100,000	\$9.51	May 17, 2024	-
William Kosich	135,000	-	\$14.13	July 29, 2020	-
	215,000	71,666	\$12.69	June 27, 2022	-
	100,000	100,000	\$9.51	May 17, 2024	-

### Notes:

- (1) The number of securities underlying unexercised Share Options includes Share Options that have both vested and have not vested.
- (2) Share Option Vesting Schedule:

Name	Number of Share Options	Share Option Exercise Price	Vesting Date
Daniel K. Halyk	91,666	\$12.69	June 27, 2020
	33,334	\$9.51	May 17, 2020
	33,333	\$9.51	May 17, 2021
	33,333	\$9.51	May 17, 2022
Yuliya Gorbach	71,666	\$12.69	June 27, 2020
	33,334	\$9.51	May 17, 2020
	33,333	\$9.51	May 17, 2021
	33,333	\$9.51	May 17, 2022
Bradley J. Macson	71,666	\$12.69	June 27, 2020
	33,334	\$9.51	May 17, 2020
	33,333	\$9.51	May 17, 2021
	33,333	\$9.51	May 17, 2022
W. Gerry Crawford	13,333	\$12.69	June 27, 2020
	25,000	\$13.54	March 8, 2021
	33,334	\$9.51	May 17, 2020
	33,333	\$9.51	May 17, 2021
	33,333	\$9.51	May 17, 2022
Cam Danyluk	71,666	\$12.69	June 27, 2020
	33,334	\$9.51	May 17, 2020
	33,333	\$9.51	May 17, 2021
	33,333	\$9.51	May 17, 2022
William Kosich	71,666	\$12.69	June 27, 2020
	33,334	\$9.51	May 17, 2020
	33,333	\$9.51	May 17, 2021
	33,333	\$9.51	May 17, 2022

- (3) The value of the unexercised in-the-money Share Options (including Share Options that have not vested) is based on the December 31, 2019 closing price of the Shares on the TSX of \$6.42.

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

This table provides the value of option-based awards vested, and non-equity incentive plan compensation that was earned during the year ended December 31, 2019. No share-based awards have been granted by the Corporation.

Name	Share Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(2)</sup> (\$)
Daniel K. Halyk	-	165,000
Yuliya Gorbach	-	95,000
Bradley J. Macson	-	121,000
W. Gerry Crawford	-	121,000
Cam Danyluk	-	95,000
William Kosich	-	121,000

Notes:

- (1) Value is determined by calculating the in-the-money value of the Share Options that were exercisable during 2019 if the Share Options had been exercised on their vesting date.
- (2) Non-equity annual incentive compensation consists of annual incentive bonuses described herein.

## Pension Plan

The Corporation has not adopted any retirement plan, pension plan or deferred compensation plan.

## Equity Compensation Hedging

Directors and executive officers of the Corporation are prohibited from short selling any publicly traded securities of the Corporation or buying or selling call or put options or other derivatives in respect of publicly listed securities of the Corporation.

## Termination and Change of Control Benefits

Named Executive Officers have all entered into employment agreements with the Corporation, with all such agreements extending indefinitely, unless terminated by either party in accordance with the terms of the agreements.

## Summary of Employment Agreements with the Named Executive Officers

### **Mr. Daniel Halyk**

Mr. Halyk is party to an Employment Agreement with the Corporation (the "Halyk Agreement") dated effective as of March 16, 2012 and which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. Myrdan Investments Inc. ("Myrdan"), a management consulting corporation wholly owned by Mr. Halyk, entered into a consulting agreement with the Corporation (the "Myrdan Agreement") dated effective as of March 16, 2012 and which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement.

Under the Halyk Agreement, Mr. Halyk receives an annual salary (the "DH Annual Salary") of \$175,000 and the Myrdan Agreement provides for an annual base payment of \$100,000. The Myrdan Agreement requires Myrdan to provide Mr. Halyk with certain management support services and a vehicle at no additional cost to the Corporation, although the Corporation reimburses Myrdan and Mr. Halyk for vehicle operating costs incurred in the course of providing services to the Corporation.

The Halyk Agreement and the Myrdan Agreement also provide for the payment of an annual bonus of up to 225% of Mr. Halyk's annual salary and Myrdan's annual base payment (the "DH Annual Bonus"). The DH Annual Bonus is in the discretion of the Board of Directors having regard to the recommendation of the Compensation Committee and is predicated on the continued employment of Mr. Halyk as well as achievement of certain objectives as described above under the heading "*Annual Incentive Bonus*". Mr. Halyk is entitled to participate in all employee benefit plans including the Savings Plan, is entitled to five weeks of paid vacation per year and shall be reimbursed for all travel and other expenses reasonably incurred in the performance of his duties on behalf of the Corporation.

The Halyk Agreement and the Myrdan Agreement provide for termination by the Board of Directors at any time, without notice, for just cause. If the termination is for any other reason except just cause, normal retirement or permanent incapacity, the Corporation is required to pay to Mr. Halyk and Myrdan a lump sum payment equivalent to two times the annual salary and annual base payment, respectively.

In the event of an unsolicited change of control of the Corporation, should, within 90 days following such change of control, the Myrdan Agreement or Halyk Agreement be terminated without cause or should Mr. Halyk voluntarily resign, Mr. Halyk and Myrdan shall be paid a lump sum payment equal to two times Mr. Halyk's annual salary and Myrdan's annual base payment, respectively. An unsolicited change of control is generally defined as an event(s) in which control of 50% or more of the voting securities are transferred to a third-party pursuant to transaction(s) which have not been approved of or recommended by a majority of the independent directors of the Corporation.

Pursuant to the Halyk Agreement, Mr. Halyk's annual salary is to be reviewed annually and may be increased at the discretion of the Board of Directors. Mr. Halyk's annual salary and Myrdan's annual base payment were last increased on July 1, 2017.

The Halyk Agreement also provides that during the course of his employment with the Corporation and for a period of three months from the date of voluntary termination of his employment by Mr. Halyk, or for termination of his employment by the Corporation for just cause, Mr. Halyk would be prohibited, without the written consent of the Corporation, from directly or indirectly as principal, agent, owner, partner, shareholder, officer, employee or otherwise, own, operate, be engaged in the operation of or have any financial interest in any business operation similar to or in competition with the business of the Corporation in the geographical areas in which the Corporation operates, provided that he would not be prohibited from owning less than 5% of the outstanding voting securities of a public company engaged in such business.

Mr. Halyk is also subject to all common law and statutory duties related to his employment as a Named Executive Officer of the Corporation, both during and after his employment.

#### ***Ms. Yuliya Gorbach***

Ms. Gorbach is party to an Employment Agreement with the Corporation, dated effective as of February 23, 2015 and which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement.

Under such Employment Agreement, Ms. Gorbach receives an annual salary (the "YG Annual Salary") of \$210,000, is entitled to receive an annual bonus (the "YG Annual Bonus") of up to 175% of her annual salary (provided she meets the required employment and performance criteria), is entitled to participate in all employee benefit plans including the Savings Plan, shall be provided with vehicle allowance and parking, shall be entitled to four weeks of paid vacation per year, shall be reimbursed for all travel and other expenses reasonably incurred in the performance of her duties on behalf of the Corporation and shall have her monthly dues in a health and fitness club paid.

The YG Annual Bonus is in the discretion of the Board of Directors having regard to the recommendations of the President and Chief Executive Officer and the Compensation Committee and is predicated upon the achievement of certain objectives as described above under the heading "*Annual Incentive Bonus*".

Ms. Gorbach's employment with the Corporation may be terminated by the Board of Directors at any time, without notice, for just cause. If the termination is for any other reason except just cause, normal retirement or permanent incapacity, the Corporation will pay to Ms. Gorbach a lump sum payment equivalent to the YG Annual Salary.

In the event of an unsolicited change of control of the Corporation, should, within 90 days following such change of control, Ms. Gorbach be terminated without cause or should Ms. Gorbach voluntarily resign, she shall be paid a lump sum payment equal to 1.5 times the YG Annual Salary. An unsolicited change of control is generally defined as an event(s) in which control of 50% or more of the voting securities are transferred to a third-party pursuant to transaction(s) which have not been approved of or recommended by a majority of the independent directors of the Corporation.

The YG Annual Salary is to be reviewed annually and may be increased at the discretion of the Board of Directors upon recommendation of the President and Chief Executive Officer of the Corporation. The YG Annual Salary was last increased on July 1, 2017.

Ms. Gorbach is also entitled to have the Corporation reimburse her for all interest charged on a personal loan of up to \$500,000 taken by her to purchase Shares on the open market pursuant to the SPAP. All Shares purchased are to be pledged to the bank as security for repayment of the personal loan, and all dividends received from the Shares and any proceeds from the disposition of those Shares shall be applied to the repayment of the loan. The Corporation's obligation to pay interest on the loan is reviewed and renewed annually, unless Ms. Gorbach voluntarily resigns or is terminated for cause, in which case it shall terminate immediately. In the event Ms. Gorbach is terminated without cause, the Corporation shall continue to pay interest on the loan for a period of six months following the date of termination.

During the course of her employment with the Corporation and for a period of three months from the date of voluntary termination of her employment by Ms. Gorbach, or for termination of her employment by the Corporation for just cause, Ms. Gorbach is prohibited, without the written consent of the Corporation, from directly or indirectly as principal, agent, owner, partner, shareholder, officer, employee or otherwise, own, operate, be engaged in the operation of or have any financial interest in any business operation similar to or in competition with the business of the Corporation in the geographical areas in which the Corporation operates, provided that she shall not be prohibited from owning less than 5% of the outstanding voting securities of a public company engaged in such business.

Ms. Gorbach is also subject to all common law and statutory duties related to her employment as a Named Executive Officer of the Corporation, both during and after her employment.

***Mr. Bradley Macson***

Mr. Macson is party to an Employment Agreement with the Corporation, dated effective as of March 16, 2012 and which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement.

Under such Employment Agreement, Mr. Macson receives an annual salary (the "BM Annual Salary") of \$230,000, is entitled to receive an annual bonus (the "BM Annual Bonus") of up to 200% of his annual salary (provided he meets the required employment and performance criteria), is entitled to participate in all employee benefit plans including the Savings Plan, shall be provided with a leased vehicle (including insurance and reasonable operating expenses) and parking, shall be entitled to five weeks of paid vacation per year, shall be reimbursed for all travel and other expenses reasonably incurred in the performance of his duties on behalf of the Corporation and shall have his monthly dues in a health and fitness club paid.

The BM Annual Bonus is in the discretion of the Board of Directors having regard to the recommendations of the President and Chief Executive Officer and the Compensation Committee and is predicated upon the achievement of certain objectives as described above under the heading "*Annual Incentive Bonus*".



Mr. Macson's employment with the Corporation may be terminated by the Board of Directors at any time, without notice, for just cause. If the termination is for any other reason except just cause, normal retirement or permanent incapacity, the Corporation will pay to Mr. Macson a lump sum payment equivalent to the BM Annual Salary.

In the event of an unsolicited change of control of the Corporation, should, within 90 days following such change of control, Mr. Macson be terminated without cause or should Mr. Macson voluntarily resign, he shall be paid a lump sum payment equal to 1.5 times the BM Annual Salary. An unsolicited change of control is generally defined as an event(s) in which control of 50% or more of the voting securities are transferred to a third-party pursuant to transaction(s) which have not been approved of or recommended by a majority of the independent directors of the Corporation.

The BM Annual Salary is to be reviewed annually and may be increased at the discretion of the Board of Directors upon recommendation of the President and Chief Executive Officer of the Corporation. The BM Annual Salary was last increased on July 1, 2017.

During the course of his employment with the Corporation and for a period of three months from the date of voluntary termination of his employment by Mr. Macson, or for termination of his employment by the Corporation for just cause, Mr. Macson is prohibited, without the written consent of the Corporation, from directly or indirectly as principal, agent, owner, partner, shareholder, officer, employee or otherwise, own, operate, be engaged in the operation of or have any financial interest in any business operation similar to or in competition with the business of the Corporation in the geographical areas in which the Corporation operates, provided that he shall not be prohibited from owning less than 5% of the outstanding voting securities of a public company engaged in such business.

Mr. Macson is also subject to all common law and statutory duties related to his employment as a Named Executive Officer of the Corporation, both during and after his employment.

***Mr. W. Gerry Crawford***

Mr. Crawford is party to an Employment Agreement with the Corporation, dated effective as of February 19, 2013 and which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement.

Under such Employment Agreement, Mr. Crawford receives an annual salary (the "GC Annual Salary") of \$230,000, is entitled to receive an annual bonus (the "GC Annual Bonus") of up to 200% of his annual salary (provided he meets the required employment and performance criteria), is entitled to participate in all employee benefit plans including the Savings Plan, shall be provided with a vehicle allowance and parking, shall be entitled to five weeks of paid vacation per year, and shall be reimbursed for all travel and other expenses reasonably incurred in the performance of his duties on behalf of the Corporation.

The GC Annual Bonus is in the discretion of the Board of Directors having regard to the recommendations of the President and Chief Executive Officer and the Compensation Committee and is predicated upon the achievement of certain objectives as described above under the heading "*Annual Incentive Bonus*".

Mr. Crawford's employment with the Corporation may be terminated by the Board of Directors at any time, without notice, for just cause. If the termination is for any other reason except just cause, normal retirement or permanent incapacity, the Corporation will pay to Mr. Crawford a lump sum payment equivalent to the GC Annual Salary.

In the event of an unsolicited change of control of the Corporation, should, within 90 days following such change of control, Mr. Crawford be terminated without cause or should Mr. Crawford voluntarily resign, he shall be paid a lump sum payment equal to 1.5 times the GC Annual Salary. An unsolicited change of control is generally defined as an event(s) in which control of 50% or more of the voting securities are transferred to a third-party pursuant to transaction(s) which have not been approved of or recommended by a majority of the independent directors of the Corporation.

The GC Annual Salary is to be reviewed annually and may be increased at the discretion of the Board of Directors upon recommendation of the President and Chief Executive Officer of the Corporation. The GC Annual Salary was last increased on July 1, 2017.

During the course of his employment with the Corporation and for a period of three months from the date of voluntary termination of his employment by Mr. Crawford, or for termination of his employment by the Corporation for just cause, Mr. Crawford is prohibited, without the written consent of the Corporation, from directly or indirectly as principal, agent, owner, partner, shareholder, officer, employee or otherwise, own, operate, be engaged in the operation of or have any financial interest in any business operation similar to or in competition with the business of the Corporation in the geographical areas in which the Corporation operates, provided that he shall not be prohibited from owning less than 5% of the outstanding voting securities of a public company engaged in such business.

Mr. Crawford is also subject to all common law and statutory duties related to his employment as a Named Executive Officer of the Corporation, both during and after his employment.

**Mr. Cam Danyluk**

Mr. Danyluk is party to an Employment Agreement with the Corporation, dated effective as of March 16, 2012 and which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement.

Under such Employment Agreement, Mr. Danyluk receives an annual salary (the "CD Annual Salary") of \$210,000, is entitled to receive an annual bonus (the "CD Annual Bonus") of up to 175% of his annual salary (provided he meets the required employment and performance criteria), is entitled to participate in all employee benefit plans including the Savings Plan, shall be provided with parking, shall be entitled to four weeks of paid vacation per year, shall be reimbursed for all travel and other expenses reasonably incurred in the performance of his duties on behalf of the Corporation and shall have his monthly dues in a health and fitness club paid.

The CD Annual Bonus is in the discretion of the Board of Directors having regard to the recommendations of the President and Chief Executive Officer and the Compensation Committee and is predicated upon the achievement of certain objectives as described above under the heading "*Annual Incentive Bonus*".

Mr. Danyluk's employment with the Corporation may be terminated by the Board of Directors at any time, without notice, for just cause. If the termination is for any other reason except just cause, normal retirement or permanent incapacity, the Corporation will pay to Mr. Danyluk a lump sum payment equivalent to the CD Annual Salary.

In the event of an unsolicited change of control of the Corporation, should, within 90 days following such change of control, Mr. Danyluk be terminated without cause or should Mr. Danyluk voluntarily resign, he shall be paid a lump sum payment equal to 1.5 times the CD Annual Salary. An unsolicited change of control is generally defined as an event(s) in which control of 50% or more of the voting securities are transferred to a third-party pursuant to transaction(s) which have not been approved of or recommended by a majority of the independent directors of the Corporation.

The CD Annual Salary is to be reviewed annually and may be increased at the discretion of the Board of Directors upon recommendation of the President and Chief Executive Officer of the Corporation. The CD Annual Salary was last increased on July 1, 2017.

During the course of his employment with the Corporation and for a period of three months from the date of voluntary termination of his employment by Mr. Danyluk, or for termination of his employment by the Corporation for just cause, Mr. Danyluk is prohibited, without the written consent of the Corporation, from directly or indirectly as principal, agent, owner, partner, shareholder, officer, employee or otherwise, own, operate, be engaged in the operation of or have any financial interest in any business operation similar to or in competition with the business of the Corporation in the geographical areas in which the Corporation operates, provided that he shall not be

prohibited from owning less than 5% of the outstanding voting securities of a public company engaged in such business.

Mr. Danyluk is also subject to all common law and statutory duties related to his employment as a Named Executive Officer of the Corporation, both during and after his employment.

**Mr. William Kosich**

Mr. Kosich is party to an Employment Agreement with the Corporation, dated effective as of July 7, 2015 and which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement.

Under such Employment Agreement, Mr. Kosich receives an annual salary (the "WK Annual Salary") of \$230,000, is entitled to receive an annual bonus (the "WK Annual Bonus") of up to 200% of his annual salary (provided he meets the required employment and performance criteria), is entitled to participate in all employee benefit plans including the Savings Plan, shall be provided with a vehicle allowance and parking, shall be entitled to five weeks of paid vacation per year, shall be reimbursed for all travel and other expenses reasonably incurred in the performance of his duties on behalf of the Corporation and shall have his monthly dues in a health and fitness club paid.

The WK Annual Bonus is in the discretion of the Board of Directors having regard to the recommendations of the President and Chief Executive Officer and the Compensation Committee and is predicated upon the achievement of certain objectives as described above under the heading "*Annual Incentive Bonus*".

Mr. Kosich's employment with the Corporation may be terminated by the Board of Directors at any time, without notice, for just cause. If the termination is for any other reason except just cause, normal retirement or permanent incapacity, the Corporation will pay to Mr. Kosich a lump sum payment equivalent to the WK Annual Salary.

In the event of an unsolicited change of control of the Corporation, should, within 90 days following such change of control, Mr. Kosich be terminated without cause or should Mr. Kosich voluntarily resign, he shall be paid a lump sum payment equal to 1.5 times the WK Annual Salary. An unsolicited change of control is generally defined as an event(s) in which control of 50% or more of the voting securities are transferred to a third-party pursuant to transaction(s) which have not been approved of or recommended by a majority of the independent directors of the Corporation.

The WK Annual Salary is to be reviewed annually and may be increased at the discretion of the Board of Directors upon recommendation of the President and Chief Executive Officer of the Corporation. The WK Annual Salary was last increased on July 1, 2017.

Mr. Kosich is also entitled to have the Corporation reimburse him for all interest charged on a personal loan of up to \$500,000 taken by him to purchase Shares on the open market pursuant to the SPAP. All Shares purchased are to be pledged to the bank as security for repayment of the personal loan, and all dividends received from the Shares and any proceeds from the disposition of those Shares shall be applied to the repayment of the loan. The Corporation's obligation to pay interest on the loan is reviewed and renewed annually, unless Mr. Kosich voluntarily resigns or is terminated for cause, in which case it shall terminate immediately. In the event Mr. Kosich is terminated without cause, the Corporation shall continue to pay interest on the loan for a period of six months following the date of termination.

During the course of his employment with the Corporation and for a period of three months from the date of voluntary termination of his employment by Mr. Kosich, or for termination of his employment by the Corporation for just cause, Mr. Kosich is prohibited, without the written consent of the Corporation, from directly or indirectly as principal, agent, owner, partner, shareholder, officer, employee or otherwise, own, operate, be engaged in the operation of or have any financial interest in any business operation similar to or in competition with the business of the Corporation in the geographical areas in which the Corporation operates, provided that he shall not be prohibited from owning less than 5% of the outstanding voting securities of a public company engaged in such business.

Mr. Kosich is also subject to all common law and statutory duties related to his employment as a Named Executive Officer of the Corporation, both during and after his employment.

#### Officers' Minimum Ownership Requirements

The Corporation mandates that the Chief Executive Officer purchase and hold Shares equivalent in value to five times his annual base salary, as at the time of purchase, and that the Chief Financial Officer, the Vice President, Operations, the Vice President, Field Services, the Vice President, Legal and General Counsel and the Vice President, Drilling Services each purchase and hold Shares equivalent in value to three times their annual base salary, as at the time of purchase. As of the record date, all officers satisfy the minimum ownership requirements.

#### Directors' Compensation

The following table sets out the compensation provided to the directors of the Corporation during the financial year ended December 31, 2019.

**Director Compensation Table**

Name <sup>(1)</sup>	Fees Earned (\$)	Share Based Awards (\$)	Share Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Bruce L. Pachkowski	42,000	Nil	Nil	85,391	Nil	Nil	127,391
Andrew W. Wiswell	29,500	Nil	Nil	39,099	Nil	Nil	68,599
Gregory Melchin	42,000	Nil	Nil	39,944	Nil	Nil	81,944
George Chow	32,000	Nil	Nil	32,282	Nil	Nil	64,282
Glenn Dagenais	32,000	Nil	Nil	34,011	Nil	Nil	66,011

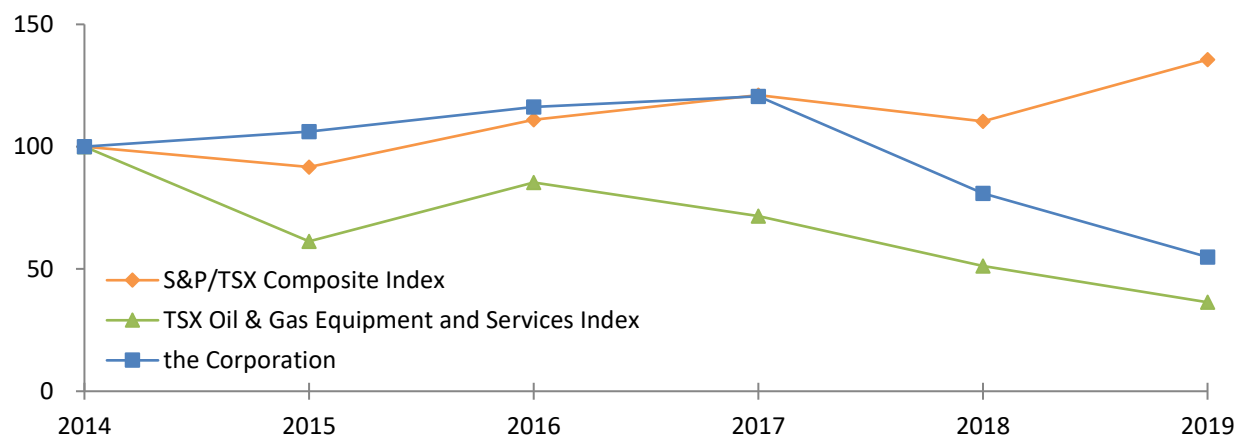
Note:

(1) Daniel K. Halyk does not receive compensation for his role as a director of the Corporation.

A description of the compensation paid to directors of the Corporation is described under the heading "Matters to be Considered at the Meeting – Election of Directors – Proposed Nominees".

## Performance Graph

The following performance graph compares the Corporation's cumulative total shareholder return on the Shares over the period from December 31, 2014 to December 31, 2019, assuming an initial \$100 investment and the reinvestment of all dividends and distributions, with the cumulative total return on the S&P/TSX Composite Index and the TSX Oil & Gas Equipment and Services Index.



	Year Ending December 31					
	2014	2015	2016	2017	2018	2019
<b>S&amp;P/TSX Composite Index</b>	100	92	111	121	110	136
<b>TSX Oil &amp; Gas Equipment and Services Index</b>	100	61	85	72	51	36
<b>the Corporation</b>	100	106	116	121	81	55

The Corporation compensates its Named Executive Officers through a combination of base compensation, annual incentive bonus and long-term incentives. The annual incentive bonus is based generally on the Corporation's financial and operational performance and due to the relationship between financial performance and share price, a strong correlation exists between the annual incentive bonus and the Share price. Further, long-term incentives are primarily a direct result of share price performance creating further correlation between compensation and Share price.

From December 31, 2014 until December 31, 2019, assuming reinvestment of all dividends and distributions, cumulative total shareholder return on the Shares was approximately -45% as compared to a cumulative total return of 36% on the S&P/TSX Composite Index and -64% on the TSX Oil & Gas Equipment and Services Index, over the same period. During this period, the annual salary of the Chief Executive Officer, the Chief Financial Officer, the Vice President, Operations, the Vice President, Field Services and the Vice President Legal increased by 22%, 27%, 22%, 22% and 27% respectively. The position of the remaining Named Executive Officer was created subsequent to 2014.

## Corporate Governance

The Board of Directors and senior Management consider good corporate governance to be an important part of the effective and efficient operation of Canadian corporations. Disclosure respecting the Corporation's approach to corporate governance with reference to the information required by NI 58-101 is set out in Appendix A to this Circular, and the mandate of the Board of Directors is set out in Appendix B to this Circular. The information required to be disclosed under National Instrument 52-110 – *Audit Committees* ("NI 52-110") is included in the Corporation's

annual information form ("AIF") under the heading "Audit Committee Information" and the Audit Committee Charter is attached as Appendix A to the Corporation's AIF.

### Normal Course Issuer Bid

On September 30, 2019, the TSX accepted the Corporation's Notice of Intention to Make a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Corporation may purchase up to 1,000,000 Shares, being 2.2% of the total number of then outstanding Shares, during the following twelve months, subject to a maximum daily purchase limit of 8,531 Shares based on an average daily trading volume for the six calendar months prior to September 2019 of 34,124 Shares. From time to time, purchases of Shares may be undertaken at prices that represent an attractive investment opportunity for the Corporation. The Corporation expects that the purchase of Shares will benefit the remaining Shareholders by increasing their proportionate equity investment in the Corporation. All purchased Shares will be cancelled by the Corporation. The current NCIB expires on October 1, 2020. During 2019, under the NCIB and including the previous normal course issuer bid, which expired on October 1, 2019, the Corporation purchased a total of 701,400 Shares at an average price of \$7.61 per Share.

### Indebtedness of Directors and Executive Officers of the Corporation

There exists no indebtedness of the directors or executive officers of the Corporation, or any of their associates, to the Corporation or any of its subsidiaries, nor is any indebtedness of any of such persons to another entity 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.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth details of all equity compensation plans of the Corporation as of December 31, 2019, being the Share Option Plan.

**Table of Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Share Options</b>	<b>Weighted-Average Exercise Price of Outstanding Share Options</b>	<b>Number of Securities Remaining Available for Future Issuance Under the Equity Compensation Plans</b>
Equity Compensation Plans Approved by Securityholders			
Share Option Plan	3,935,000 Shares	\$8.45	640,000 Shares
Equity Compensation Plans Not Approved by Securityholders	Nil	N/A	Nil
<b>Total</b>	<b>3,935,000 Shares</b>	<b>\$8.45</b>	<b>640,000 Shares</b>

As of December 31, 2019: (a) the maximum number of Shares issuable by the Corporation under the Share Option Plan is 4,575,000 Shares, representing 10% of the issued and outstanding Shares as of such date; (b) the number of Share Options outstanding under the Share Option Plan was 3,935,000 Shares, representing 8.7% of the issued and outstanding Shares as of such date; and (c) the number of Share Options remaining available for grant under the Share Option Plan was 640,000, representing 1.4% of the issued and outstanding Shares as of such date.

See "Executive Compensation – Compensation Discussion and Analysis – Compensation Philosophy and Objectives – Share Option Plan" for a description of the material features of the Share Option Plan.

The annual burn rates under the Share Option Plan for the fiscal years ended 2017, 2018 and 2019 are 4.1%, 1.5% and 2.2%, respectively. The annual burn rate is calculated as (x) the number of Share Options granted under the Share Option Plan during the applicable fiscal year, divided by (y) the weighted average number of Shares outstanding for the applicable fiscal year, calculated in accordance with the CPA Canada Handbook.

#### **Interest of Informed Persons in Material Transactions**

Other than as disclosed elsewhere in this Circular, 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.

For the purposes of this Circular an "informed person" means a director or executive officer of the Corporation, a director or executive officer of a person or company that is itself an "informed person" or subsidiary of the Corporation and any person or company who beneficially owns, 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 Shares.

#### **Additional Information**

Additional information about the Corporation, including financial information, is provided in the Corporation's financial statements and Management's Discussion and Analysis for the year ended December 31, 2019, which can be found, along with all other publicly filed documents, on SEDAR at [www.sedar.com](http://www.sedar.com).

For additional copies of the financial statements of the Corporation and Management's Discussion and Analysis for the year ended December 31, 2019, please contact the Corporation, at 800, 311 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3H2, Attention: Corporate Secretary.

Shareholders are encouraged to contact the Chief Executive Officer ([CEO@totalenergy.ca](mailto:CEO@totalenergy.ca)), the Chair ([BoardChair@totalenergy.ca](mailto:BoardChair@totalenergy.ca)) or the Chair of the Corporate Governance and Nominating Committee ([CorpGovChair@totalenergy.ca](mailto:CorpGovChair@totalenergy.ca)) with any concerns.

## APPENDIX A

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

<u>Disclosure Requirement</u>	<u>The Corporation Corporate Governance Practices</u>
<b>1. Board of Directors</b>	
a. Disclose the identity of directors who are independent.	Bruce L. Pachkowski, Glenn Dagenais, George Chow, Andrew Wiswell and Greg Melchin are considered by the Board of Directors to be independent, within the meaning of Section 1.4 of NI 52-110, in that none of them has any relationship that could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of his independent judgment.
b. Disclose the identity of directors who are not independent, and describe the basis for that determination.	Daniel K. Halyk is not independent. He is an executive officer of the Corporation.
c. Disclose whether or not a majority of directors is independent. If a majority of directors is not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.	A majority of the directors are independent.
d. If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The existing directors are currently directors of the reporting issuers set out beneath their respective names below.  <b>Greg Melchin</b> Baytex Energy Corp.
e. Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board of Directors does to facilitate open and candid discussion among its independent directors.	The independent directors regularly hold "in camera" sessions in the absence of members of Management. Such "in camera" sessions are held on a regular basis during regularly scheduled meetings of the Board of Directors. The number of Board of Directors meetings held during 2019 is disclosed below.
f. Disclose whether or not the Chair of the Board of Directors is an independent director. If the Board of Directors has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe	Bruce L. Pachkowski is the Chair of the Board of Directors. Mr. Pachkowski is considered by the Board of Directors to be independent within the meaning of Sections 1.4 and 1.5 of NI 52-110.



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**Disclosure Requirement**

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his or her role and responsibilities. If the Board of Directors has neither a chair that is independent nor a lead director that is independent, describe what the Board of Directors does to provide leadership for its independent directors.

- g. Disclose the attendance record of each director for all Board of Directors meetings held since the beginning of the issuer's most recently completed financial year.

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**The Corporation Corporate Governance Practices**

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The attendance of the directors at each meeting of the Board of Directors (and committees thereof) held during 2019 is summarized below:

	<b>Committee Meetings Attended</b>	<b>Board of Directors Meetings Attended</b>
George Chow	1 of 1	6 of 6
Glenn Dagenais	5 of 5	6 of 6
Daniel K. Halyk	n/a	6 of 6
Bruce L. Pachkowski	5 of 5	6 of 6
Andrew B. Wiswell	2 of 2	6 of 6
Greg Melchin	5 of 5	6 of 6
Attendance Rate of Current Board Members	100%	100%

**2. Board of Directors Mandate**

- a. Disclose the text of the Board of Directors written mandate. If the Board of Directors does not have a written mandate, describe how the Board of Directors delineates its role and responsibilities.

The charter of the Board of Directors is attached as Appendix B to this Circular.

**3. Position Descriptions**

- a. Disclose whether or not the Board of Directors has developed written position descriptions for the chair and the chair of each Board committee. If the Board of Directors has not developed written position descriptions for the chair and/or the chair of each Board of Directors committee, briefly describe how the Board of Directors delineates the role and responsibilities of each such position.

The Board of Directors has established written position descriptions for the Chair of the Board of Directors and for the Chair of each committee of the Board of Directors.

- b. Disclose whether or not the Board of Directors and CEO have developed a written position

The Board of Directors has established a written position description for the CEO.

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**Disclosure Requirement**

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description for the CEO. If the Board of Directors and CEO have not developed such a position description, briefly describe how the Board of Directors delineates the role and responsibilities of the CEO.

**4. Orientation and Continuing Education**

- a. Briefly describe what measures the Board of Directors takes to orient new directors regarding:
  - (i) the role of the Board of Directors, its committees and its directors, and
  - (ii) the nature and operation of the issuer's business.
  
- b. Briefly describe what measures, if any, the Board of Directors takes to provide continuing education for its directors. If the Board of Directors does not provide continuing education, describe how the Board of Directors ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

**5. Ethical Business Conduct**

- a. Disclose whether or not the Board of Directors has adopted a written code for the directors, officers and employees. If the Board of Directors has adopted a written code:
  - (i) disclose how a person or company may obtain a copy of the code;

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**The Corporation Corporate Governance Practices**

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Senior Management and certain directors provide orientation to new directors. New directors are provided with a Director's Orientation Package, which includes background information on the Corporation and its operating subsidiaries, financial information, details of the Corporation's policies and procedures, organizational and legal structure and an executive summary prepared by Management. New directors are also provided the opportunity to visit the various operations of the Corporation to familiarize themselves with the Corporation's operations and personnel.

Directors are provided with a monthly reporting package that provides a comprehensive review of the Corporation's financial and operating results and condition. At regularly scheduled meetings, the Board of Directors receives and discusses reports concerning the operations and financial results of the Corporation and its operating subsidiaries. Directors are also provided and encouraged to review newsletters, professional publications and other publications relating to the Corporation's business and the role of directors, including committee functions. Directors are encouraged and invited to enhance their education by taking courses and attending seminars and lectures relevant to their role as directors and committee members. Operations management personnel are periodically invited to attend meetings with the directors and the directors visit operations locations on occasion to maintain and improve the directors' knowledge of the Corporation's business.

The Board of Directors has adopted a written Code of Business Conduct (the "Code"). The Code has been

## Disclosure Requirement

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- (ii) describe how the Board of Directors monitors compliance with its code, or if the Board of Directors does not monitor compliance, explain whether and how the Board of Directors satisfies itself regarding compliance with its code; and
  - (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.
- b. Describe any steps the Board of Directors takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.
- c. Describe any other steps the Board of Directors takes to encourage and promote a culture of ethical business conduct.

## The Corporation Corporate Governance Practices

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filed on SEDAR and is available at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.totalenergy.ca](http://www.totalenergy.ca).

The Board of Directors monitors compliance with the Code by requiring quarterly certifications from its senior officers as to their compliance with the Code and through the Corporation's existing "whistleblower" policy, which provides a procedure for the submission of information by persons relating to possible violations of the Code.

No material change reports pertaining to conduct of a director or executive officer constituting a departure from the Code were filed during 2019.

Directors who have, or may be reasonably perceived to have, a personal interest in a transaction or agreement being contemplated by or involving the Corporation are required to declare such interest at any meeting of the Board of Directors at which the matter is considered and to refrain from voting on such matter. If required, an independent committee may be formed to consider such matters in the absence of interested directors and make recommendations to the Board of Directors.

The Code is provided to each new employee of the Corporation. All employees are eligible to participate in the Savings Plan in an effort to promote employee ownership. The Board of Directors is of the view that that ownership of Shares motivates employees to report inappropriate, unethical or fraudulent behavior on the part of other employees, as such behavior could have a negative effect upon owners of Shares. Similarly, bonuses payable to employees under existing bonus plans (which, in large measure, are tied to return on invested capital) would be negatively impacted by inappropriate, unethical or fraudulent behavior on the part of other employees and the Board of Directors is of the view that existing bonus plans also provide an incentive to employees to report inappropriate, unethical or fraudulent behavior on the part of other employees. The Board of Directors has also implemented a "whistleblower" policy.

## Disclosure Requirement

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### 6. Nomination of Directors

- a. Describe the process by which the Board of Directors identifies new candidates for board nomination.
  
- b. Disclose whether or not the Board of Directors has a nominating committee composed entirely of independent directors. If the Board of Directors does not have a nominating committee composed entirely of independent directors, describe what steps the Board of Directors takes to encourage an objective nomination process.
  
- c. If the Board of Directors has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

## The Corporation Corporate Governance Practices

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The Corporate Governance and Nominating Committee acts as a nominating committee to consider if and when new individuals are to be proposed for election/appointment to the Board of Directors, having regard to the competencies, skills and personal qualities of the candidates and existing members of the Board of Directors.

The Board of Directors has a Corporate Governance and Nominating Committee currently composed entirely of directors who are independent, within the meaning of Section 1.4 of NI 52-110.

The Board of Directors has adopted a written charter for the Corporate Governance and Nominating Committee. The Charter for the Corporate Governance and Nominating Committee provides that the Committee has responsibility for: (i) considering the membership needs of the Board of Directors and its committees, reviewing, from time to time, the composition of the Board of Directors and its committees and, as considered appropriate, making recommendations to the Board of Directors as to the appropriate number of members of the Board of Directors and its committees, respectively, and the skills and competencies required of Board of Directors and committee members to promote effective and efficient decision-making; (ii) evaluating the various committees established by the Board of Directors and their respective charters, evaluating the performance of the chair of the various Board of Directors committees and reporting to the Board of Directors the results of such evaluations; (iii) assessing the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contributions of individual directors; (iv) considering and, where appropriate, approving requests from directors or committees of directors respecting the engagement of special advisers; and (v) annually reviewing and reporting to the Board of Directors with respect to the adequacy of the Charter of the Corporate Governance and Nominating Committee. The Charter of the Corporate Governance and Nominating Committee also provides for a number of administrative matters, including the quorum for

meetings of the Committee and the engagement of independent counsel and other advisors to assist the Committee in its deliberations.

The independent directors of the Corporate Governance and Nominating Committee hold an "in camera" session during regularly scheduled meetings.

**7. Compensation**

a. Describe the process by which the Board of Directors determines the compensation for the issuer's directors and officers.

The Compensation Committee, in conjunction with the Board of Directors, periodically reviews the compensation of directors and officers in an effort to assess whether the compensation paid to directors and officers: (i) is sufficiently competitive to allow the Corporation to attract and retain qualified individuals; and (ii) reflects the responsibilities and risks involved in being an effective director and officer.

b. Disclose whether or not the Board of Directors has a compensation committee composed entirely of independent directors. If the Board of Directors does not have a compensation committee composed entirely of independent directors, describe what steps the Board of Directors takes to ensure an objective process for determining such compensation.

The Board of Directors has a Compensation Committee which is currently composed entirely of directors who are independent, within the meaning of Section 1.4 of NI 52-110.

c. If the Board of Directors has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Board of Directors has adopted a written charter for the Compensation Committee. The Charter for the Compensation Committee provides that the Committee has responsibility for: (i) annually reviewing the compensation policies and guidelines for the Corporation and, if the Compensation Committee considers any changes to such policies and guidelines to be appropriate, recommend such changes to the Board of Directors for its consideration; (ii) review the base salaries and other compensation of the Corporation's officers; (iii) annually conduct performance appraisals of the Chief Executive Officer of the Corporation and such other executive management as the Compensation Committee may determine, and report to the Board of Directors the results of such performance appraisals; (iv) annually review the Corporation's employee incentive plans, bonus plans and security-based compensation arrangements, and, if the Compensation Committee considers any changes to such plans and arrangements to be appropriate, recommend such changes to the Board of Directors for its consideration; (v) review and

comment on the executive compensation disclosure contained in any management information circular to be forwarded to securityholders of the Corporation; (vi) annually review the compensation arrangements established for the benefit of Board of Directors and the Chairman of the Board of Directors and, if the Compensation Committee considers any changes to such arrangements to be appropriate, recommend such changes to the Board for its consideration; (vii) review any management contracts, change of control agreements, indemnity agreements, and significant consulting contracts and make recommendations to the Board of Directors respecting the results of such review; and (viii) annually review and report to the Board of Directors on the adequacy of its Charter. The Charter of the Compensation Committee also provides for a number of administrative matters, including the quorum for meetings of the Committee and the engagement of independent counsel and other advisors to assist the Committee in its deliberations.

**8. Other Board of Directors Committees**

- a. If the Board of Directors has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board of Directors has no other standing committees.

**9. Assessments**

- a. Disclose whether or not the Board of Directors, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board of Directors satisfies itself that the Board of Directors, its committees, and its individual directors are performing effectively.

An assessment of the Board of Directors and individual directors is conducted by an independent third party on an annual basis under the supervision of the Corporate Governance and Nominating Committee. The results of such assessment are reviewed by the Board of Directors.

**10. Director Term Limits and Other Mechanisms of Board Renewal**

- a. Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other

In discharging its duty to act in the best interests of the Corporation, the Board of Directors believe that issues relating to board effectiveness, board renewal and board succession planning are best addressed by a strong Board of Directors. The Board of Directors is responsible for recommending to Shareholders from time to time candidates for election to the Board of

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## Disclosure Requirement

mechanisms of board renewal, disclose why it has not done so

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## The Corporation Corporate Governance Practices

Directors that together contribute the right mix of skills and expertise to the Board of Directors. To assist in making those recommendations, the Board of Directors regularly conducts both formal and informal reviews of the effectiveness of the Board of Directors and individual Board members.

The Board of Directors is concerned that imposing arbitrary and inflexible director term limits discount the value of experience in the Corporation's history and culture and the importance of continuity. Mandatory retirement ages pose the same risk and the Board of Directors does not want to risk the loss of key directors to retirement policies that may be unnecessarily arbitrary and inflexible when they force a high performing director off the Board of Directors. As a result, the Board of Directors believes that it would not be appropriate to set term limits for its directors but rather relies on the collective experience and judgment of its members to determine when Board of Director renewals, Board of Director removals and Board of Director additions are appropriate. Shareholder feedback and voting results are also considered by the Board of Directors in this regard.

### 11. Policies Regarding the Representation of Women on the Board

- a. Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.
- b. If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:
  - (i) a short summary of its objectives and key provisions,
  - (ii) the measures taken to ensure that the policy has been effectively implemented,
  - (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and
  - (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

The Board of Directors has adopted a formal Diversity Policy, which includes provisions relating to the identification and nomination of women directors and requires the Corporation to consider the level of representation of women on the Board when identifying and nominating candidates.

The objectives of the Diversity Policy are to maintain appropriate diversity on the Board of Directors and on the Corporation's executive team. To support these objectives, among other things, the Diversity Policy provides that when identifying and nominating candidates for election to its Board of Directors, the Corporation will consider the level of representation of women on the Board, and when appropriate, conduct a search for candidates who meet the Corporation's qualifications and diversity criteria. Gender is one important component of the Corporation's diversity strategy and the Board of Directors is committed to ensuring that gender diversity is considered by the

Corporation when determining the appropriate constitution of the Board of Directors and executive officers of the Corporation.

The Corporate Governance and Nominating Committee will monitor the implementation of the Diversity Policy, annually review the Corporation's progress in achieving its objectives under the Diversity Policy and report to the Board of Directors regarding recommended changes to the Diversity Policy, as appropriate. In measuring the effectiveness of the Diversity Policy, the Board of Directors will consider the diversity of the Board of Directors and the executive officers of the Corporation including, among other things, the Corporation's progress towards its aspirational target of having women comprising at least 15% of the independent members of the Board of Directors by 2023.

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

- a. Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

The Corporate Governance and Nominating Committee considers the level of representation of women on the Board of Directors in identifying and nominating candidates for election or re-election to the Board. In accordance with the Diversity Policy, the number of women members of the Board of Directors, having regard to the Board's composition at the time of the nomination, is a factor that the Corporate Governance and Nominating Committee will consider when nominating a candidate for election or re-election.



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

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|---|--|
| <p>a. Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p> | <p>The Board of Directors considers the level of representation of women in executive officer positions when making executive officer appointments. In accordance with the Diversity Policy, the number of women on the Corporation's executive team at the time of the appointment is a factor that the Board will consider when making an executive officer appointment.</p> |
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**14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

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|--|---|
| <p>a. For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p> | <p>The Corporation has adopted an aspirational target of having women comprise of at least 15% of the independent members of the Board of Directors by 2023, as positions become vacant and qualified candidates are available.</p> |
| <p>b. Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p>   | <p>The Corporation has adopted an aspirational target of having at least 25% of the Corporation's executive officer positions held by women by 2023, as positions become vacant and qualified candidates are available.</p>         |
| <p>c. Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p>  | <p>The Board of Directors adopted the Diversity Policy on March 8, 2018. The Corporation will disclose its annual and cumulative progress in achieving the targets set forth in the Diversity Policy in future years.</p>           |
| <p>d. If the issuer has adopted a target referred to in either (b) or (c), disclose:</p> <p>(i) the target, and</p> <p>(ii) the annual and cumulative progress of the issuer in achieving the target.</p>                                    |   |

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

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| <p>a. Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p>   | <p>As at the date hereof, no members of the Board of Directors are women.</p>  |
| <p>b. Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p> | <p>As at the date hereof, two of the executive officers of the Corporation are women, representing 29% of the Corporation's executive officer positions.</p> |

**APPENDIX B**  
**TOTAL ENERGY SERVICES INC.**  
**BOARD OF DIRECTORS CHARTER**

**1. Composition**

The board of directors (the "**Board of Directors**") of Total Energy Services Inc. ("Total Energy"), considers it desirable that the Board of Directors be comprised of a majority of "independent" directors (within the meaning set forth under Section 1.4 of National Instrument 52-110 - *Audit Committees*). The Board will take the foregoing observation respecting its composition into consideration in exercising its responsibilities set out under Section 7 below. For greater certainty, nothing set out in this Charter is intended to affect the validity of actions taken by the Board of Directors that are otherwise valid for purposes of applicable corporate law.

**2. Responsibilities**

In addition to its other responsibilities under applicable law, the Board of Directors shall be responsible for the stewardship of Total Energy, and, in that regard, shall have responsibility for:

- (a) to the extent feasible, satisfying itself: (i) as to the integrity of the Chief Executive Officer (the "**CEO**") and other executive officers; and (ii) that the CEO and other executive officers create and maintain a culture of integrity throughout Total Energy;
- (b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks associated with the business of Total Energy;
- (c) approving annually goals and objectives of Total Energy that the CEO is responsible for meeting;
- (d) the identification of the principal risks to which Total Energy is exposed in the conduct of its business, and overseeing the implementation of appropriate systems to manage these risks;
- (e) succession planning (including appointing, training and monitoring senior management);
- (f) Total Energy 's internal control and management information systems;
- (g) satisfying itself that Total Energy 's financial results are reported fairly to securityholders, regulators and the public in accordance with generally accepted accounting principles; and
- (h) adopting a disclosure policy for Total Energy and satisfying itself as to the timely reporting of developments material to the Corporation.

Members of the Board of Directors are expected to attend all meetings of the Board of Directors (and committees of the Board of Directors of which they are a member) whenever possible and to adequately prepare for such meetings. The independent directors should regularly meet in the absence of non-independent directors and members of management.

**3. Committees**

The Board shall establish and approve charters for an Audit Committee, a Corporate Governance and Nominating Committee and a Compensation Committee. The Board shall establish special or independent committees at such times and for such purposes as it sees fit.

**4. Position Descriptions**

The Board shall approve position descriptions for the chair of the Board and the chair of each of the committees of the Board of Directors. In addition, the Board of Directors, together with the CEO, shall develop a position description for the CEO, which includes a description of management's responsibilities.

**5. Orientation and Continuing Education**

All new directors are to receive a comprehensive orientation designed to provide such directors, among other things, with an understanding of the business of Total Energy, the role of the Board of Directors and its various committees and expectations respecting the contributions of individual directors. In addition, directors, where appropriate, will be provided with continuing education opportunities, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of Total Energy 's business remains current.

## **6. Code of Business Conduct and Ethics**

The Board will adopt a written code of business conduct and ethics (the "**Code**") for Total Energy, which will be applicable to directors, officers, employees and consultants. The Code will confirm the expectations of the Board of Directors respecting the conduct of directors, officers, employees and consultants and will address the following:

- (a) conflicts of interest;
- (b) protection and proper use of corporate assets and opportunities;
- (c) use and protection of confidential information;
- (d) dealings with Total Energy's security holders, customers, suppliers, competitors and employees;
- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behavior.

The Board shall be responsible for monitoring compliance with the Code. The Board shall have the sole authority to grant any waivers from the Code for the benefit of any of the directors or executive officers.

## **7. Nomination of Directors**

To the extent permitted by applicable law and the Articles of Incorporation and bylaws of Total Energy, the Board of Directors will establish the number of members of the Board of Directors, within the range prescribed by Total Energy's articles, with a view to facilitating effective decision-making. Prior to nominating or appointing individuals as directors, the Board of Directors will:

- (a) consider which competencies and skills the Board of Directors, as a whole, should possess;
- (b) assess which competencies and skills each existing director possesses; and
- (c) consider the advice and input of the Corporate Governance and Nominating Committee concerning the foregoing and its recommendations to the Board of Directors concerning new director nominees.

## **8. Compensation**

Following consideration of the recommendations of the Compensation Committee, the Board of Directors will:

- (a) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those corporate goals and objectives and any other factors considered relevant by the Board of Directors and determine the CEO's compensation based on this evaluation; and
- (b) determine non-CEO officer and director compensation, incentive-compensation plans and equity-based plans.

## **9. Assessment**

The Board will regularly assess the effectiveness of the Board of Directors, the committees of the Board of Directors and each individual director. An assessment will consider:

- (a) in the case of a Board or a committee of the Board of Directors, its charter;
- (b) in the case of an individual director, the applicable position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board of Directors; and
- (c) the opinions and recommendations of the Corporate Governance and Nominating Committee.