



HIGH ARCTIC ENERGY SERVICES INC.

NOTICE OF THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON THURSDAY, MAY 14, 2020

and

MANAGEMENT PROXY AND INFORMATION CIRCULAR

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF HIGH ARCTIC ENERGY SERVICES INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF HIGH ARCTIC ENERGY SERVICES INC.

TO BE HELD AT:

**Suite 500, 700 2nd Street SW
Calgary, Alberta
Thursday, May 14, 2020
At 3:00 p.m.**

DATED APRIL 8, 2020



HIGH ARCTIC ENERGY SERVICES INC.

HIGH ARCTIC ENERGY SERVICES INC.

NOTICE OF THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of High Arctic Energy Services Inc. (the “**Corporation**”) will be held at the office of the Corporation, Suite 500, 700 2nd Street SW, Calgary, AB, T2P 2W1 on Thursday, May 14, 2020 at 3:00 p.m. for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2019 and the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at six (6);
3. to elect the Board of Directors of the Corporation for the ensuing year;
4. to appoint the auditors of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditors’ remuneration;
5. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying information circular prepared for the purpose of the Meeting (the “**Circular**”), relating to the approval of the grant of unallocated units under the performance share unit plan of the Corporation;
6. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Circular, relating to the approval of the grant of unallocated deferred share units under the deferred share unit plan of the Corporation; and
7. to transact such other business as may be properly brought before the meeting or any adjournment thereof.

DATED this 8th day of April, 2020.

Note of Caution Concerning the COVID-19 Outbreak

At the date of this Notice and the accompanying Circular it is the intention of the Corporation to hold the Meeting at the location stated above in this Notice. The Corporation is continuously monitoring the development of the current coronavirus (COVID-19) outbreak (“**COVID-19**”). In light of the rapidly evolving public health guidelines related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, **THE CORPORATION STRONGLY ENCOURAGES SHAREHOLDERS TO VOTE BY PROXY RATHER THAN ATTEND THE MEETING IN PERSON. TO THIS END, ONLY REGISTERED SHAREHOLDERS AND PROXYHOLDERS WILL BE PERMITTED TO ATTEND IN PERSON, PARTICIPATE AND VOTE IN THE BUSINESS OF THE MEETING.**

While registered Shareholders and proxyholders are entitled to attend the Meeting in person, we reserve the right to limit the number of people at the Meeting to such number of attendees as is currently permitted under Alberta law, as a result of COVID-19. ACCORDINGLY, WE STRONGLY

RECOMMEND THAT ALL SHAREHOLDERS VOTE BY PROXY BEFORE THE MEETING THROUGH ONE OF THE FOLLOWING CHANNELS:

- **Telephone:** Call the number provided on your enclosed form of proxy;
- **Online:** Visit the website provided on your enclosed form of proxy; or
- **By Mail:** Please complete and sign the form of proxy enclosed and return it, in the envelope provided, to the Corporation's transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

All votes must be received by 3:00 p.m. (Calgary time) on Tuesday May 12, 2020 (or at least 48 hours prior to the commencement of any reconvened Meeting in the event of any adjournment(s) or postponement(s) thereof). Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject late proxies.

If you hold your Common Shares in a brokerage account, you are a non-registered Shareholder or beneficial Shareholder. Beneficial Shareholders who hold their Common Shares through a bank, broker or other financial intermediary should carefully follow the instructions found on the form of proxy or voting instruction form provided to them by their intermediary, in order to cast their vote.

ALL SHAREHOLDERS, BUSINESS ANALYSTS AND OTHER INTERESTED PARTIES ARE ENCOURAGED TO LISTEN TO THE MEETING VIA TELECONFERENCE AT TOLL-FREE 1-800-289-0459 (Canada and U.S.) OR 1-800-590-693 (Australia), CONFERENCE ID: 891508#.

The Corporation reserves the right to take any additional pre-cautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak, including: (i) making any changes at the Meeting as are required to meet any public health edicts or advisories that are in place at the time; (ii) holding the Meeting virtually or by providing a webcast of the Meeting; (iii) hosting the Meeting solely by means of remote communication; (iv) changing the Meeting date and/or changing the means of holding the Meeting; (v) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to/from outside of Canada within the 14 days immediately prior to the Meeting; and (vi) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting. Should any such changes to the Meeting format occur, the Corporation will announce any and all of these changes by way of news release, which will be filed under the Corporation's profile on SEDAR as well as on the Corporation's website at www.haes.ca. The Corporation strongly recommends that Shareholders check the Corporation's website prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Corporation will not prepare or mail amended Meeting Proxy Materials.

Your participation as a Shareholder is very important to the Corporation. Please ensure your Common Shares are represented at the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Michael J. Maguire"

Michael J. Maguire
Chief Executive Officer

GENERAL PROXY MATTERS

Solicitation of Proxies

This management proxy and information circular (“**Circular**”) is furnished in connection with the solicitation of proxies by the management of High Arctic Energy Services Inc. (the “**Corporation**”) for use at the annual general and special meeting (the “**Meeting**”) of the holders of common shares of the Corporation (the “**Common Shares**”) to be held in the office of the Corporation, Suite 500, - 700 2nd Street SW, Calgary, AB T2P 2W1, on Thursday, May 14, 2020 at 3:00 p.m. and at any adjournment thereof for the purposes set forth in the accompanying notice of meeting (“**Notice of Meeting**”). The cost of such solicitation will be borne by the Corporation.

Appointment of Proxies

The persons named (the “Management Designees”) in the enclosed instrument of proxy (“Instrument of Proxy”) have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting there from the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with him/her to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his/her shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation’s transfer agent, Computershare Investor Services Inc, Attn: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Revocation of Proxies

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends at the Meeting in person at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked. A shareholder who revokes his or her proxy and does not replace it with another that is deposited with the Corporation’s transfer agent, Computershare Trust Company of Canada, at least forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the Meeting may not vote his or her shares in any manner at the Meeting.

Persons Making the Solicitation

The solicitation is made on behalf of the Corporation by its management. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Meeting and this Circular will be borne by the Corporation.

In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who may be remunerated therefore.

In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements may be made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the share held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

Exercise of Discretion by Proxy

The shares represented by proxy in favour of the Management Designees shall be voted on any ballot at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the shares shall be voted on any ballot in accordance with the specification so made.

In the absence of such specification, the shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Meeting. At the time of printing this Circular, management knows of no such amendment, variation or other matter.

Notice to Beneficial Shareholders

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

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada.

Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). 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 who receives a Broadridge voting instruction form cannot use that form to vote shares of the Corporation directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of shares of the Corporation must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have shares of the Corporation voted. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares of the Corporation registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

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

INFORMATION CONCERNING THE CORPORATION

Voting Shares and Principal Holders of Voting Shares

The board of directors of the Corporation (the “**Board of Directors**” or “**Board**”) has fixed April 8, 2020 as the record date (the “**Record Date**”) for the Meeting. Shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote thereat or at any adjournment or postponement thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he, she or it owns the Common Shares and demands, not later than ten (10) days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Common Shares at the Meeting.

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (“**Preferred Shares**”), issuable in series. As at the effective date of this Circular, which is April 8, 2020 (the “**Effective Date**”), 49,623,432 Common Shares and nil Preferred Shares were issued and outstanding.

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises direction or control over voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation other than FBC Holdings Sàrl, which owns 21,916,634 Common Shares representing 44.2% of the outstanding Common Shares as of the Effective Date. The information as to the Common Shares beneficially owned or which control or direction is exercised over is not within the knowledge of the Corporation and has been derived from public sources available to the Corporation.

Quorum for Meeting

At the Meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 5% of the outstanding Common Shares of the Corporation.

If a quorum is not present at the Meeting within one-half hour after the time fixed for the holding of the Meeting, it shall stand adjourned to such day being not less than fourteen (14) days later and to such place and time as may be determined by the Chairman of the Meeting. At such Meeting, the shareholders present either personally or by proxy shall form a quorum.

Approval Requirements

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

MATTERS TO BE ACTED UPON AT THE MEETING

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

1. Report and Financial Statements

The Board has approved the audited financial statements of the Corporation for the year ended December 31, 2019 and the report of the auditors thereon.

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

Shareholders of the Corporation will be asked to approve an ordinary resolution fixing the number of directors of the Corporation to be elected at the Meeting.

At the Meeting, it will be proposed that six (6) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at six (6).**

3. Election of Directors

The Corporation currently has seven (7) directors, six (6) of whom are being nominated for re-election. Mr. J. Cameron Bailey is not standing for re-election at the Meeting. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five (5) years, the period during which the nominee has served as a director, and the number and percentage of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

The Board has adopted a majority voting policy stipulating that if the number of Common Shares voted in favour of the election of a particular director nominee at a shareholders' meeting is less than the number of Common Shares voted and withheld from voting for that nominee, the nominee will submit his or her resignation to the Board promptly following the Meeting, with the resignation to take effect upon acceptance by the Board. The Governance and Nominating Committee will consider the director nominee's offer to resign and will make a recommendation to the Board as to whether or not to accept the resignation. In considering whether or not to accept the resignation, the Governance and Nominating Committee may consider the stated reasons why shareholders "withheld" votes from the election of that nominee, the existing board composition, the tenure and the qualifications of the director whose resignation has been tendered, the director's past meeting attendance and contributions to the Corporation, the Corporation's corporate governance policies and such other skills and qualities as the Governance and Nominating Committee deems to be relevant.

The Board will act on the recommendation of the Governance and Nominating Committee and make a decision as to whether to accept the director's offer to resign within 90 days of the Meeting. The Board of Directors will be expected to accept the director's offer of resignation unless it decides that there are exceptional circumstances which prevent the Board from accepting it and will publicly disclose its decision, including the reasons for the Board's decision if the director's resignation is not accepted. No director who is required to tender his or her resignation shall participate in the deliberations or recommendations of the Governance and Nominating Committee or the Board.

If a director's offer of resignation is accepted, the Board may fill the vacancy through the appointment of a new director whom the Board considers appropriate.

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

<u>Name, Municipality of Residence and Office Held</u>	<u>Director Since</u>	<u>Present Occupation and Positions Held During the Last Five Years</u>	<u>Common Shares Beneficially Owned or Controlled as of the Effective Date⁽⁷⁾</u>
Michael R. Binnion ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ <i>Calgary, Alberta, Canada</i> Director and Executive Chairman	June 2, 2005	Mr. Binnion is the Executive Chairman of the Corporation. He is also the President and Chief Executive Officer of Questerre Energy Corporation, a position held since November 2000, and serves as a Director of Huntington Exploration Inc.	1,866,867 (Approximately 4%)
Simon P.D. Batcup ⁽⁴⁾ <i>Toronto, Ontario, Canada</i> Director	June 28, 2007	Mr. Batcup is an independent businessman. He has been a Principal of Osborne Interim Management since November 2013 and has served as a Director of Brauerei Fahr Incorporated since December 2015.	283,700 (Less than 1%)
Daniel J. Bordessa ⁽¹⁾⁽³⁾⁽⁵⁾⁽⁶⁾ <i>Toronto, Ontario, Canada</i> Director	April 18, 2011	Mr. Bordessa is a Partner of Cyrus Capital Partners, L.P. which manages investment funds.	21,916,634 ⁽⁸⁾ (Approximately 44%)
Honourable Joe Oliver ⁽¹⁾⁽³⁾ <i>Toronto, Ontario, Canada</i> Director	June 20, 2016	Mr. Oliver is an independent businessman. He served as Canada's Minister of Natural Resources (2011 – 2014) and Minister of Finance (2014 – 2015). Mr. Oliver is Chair of the Ontario Independent Electricity System Operator and a Director of Firm Capital Mortgage Investment Corporation.	40,000 (Less than 1%)
Ember W.M. Shmitt ⁽²⁾⁽³⁾ <i>New York, New York, USA</i> Director	July 25, 2016	Ms. Shmitt is currently the Director of Investor Relations at Cyrus Capital Partners L.P, and has been with Cyrus Capital Partners since February 2007.	–
Douglas J. Strong ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ <i>Calgary, Alberta, Canada</i> Director	December 12, 2018	Mr. Strong is a Chartered Professional Accountant, CPA, CA with 36 years of experience, having been with Precision Drilling for 21 years in a number of senior financial and operational roles, including Chief Financial Officer from 2005 to 2010 and most recently as President of Completion & Production Services responsible for service rigs and snubbing in Canada and the United States.	30,000 (Less than 1%)

Notes:

- (1) Member of Audit Committee.
- (2) Member of Governance and Nominating Committee.
- (3) Member of Remuneration Committee.
- (4) Member of Quality, Health, Safety and Environmental Committee.
- (5) Member of Executive Committee.
- (6) Member of Mergers and Acquisitions Committee.
- (7) The information as to the number of Common Shares beneficially owned or controlled is based upon information furnished to the Corporation by the respective nominees.
- (8) Shares are held by FBC Holdings Sàrl, a corporation that is managed by Cyrus Capital Partners, L.P.

Cease Trade Orders

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

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

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

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

Daniel Bordessa was a director of DesignLine Corporation; a private Delaware corporation involved in the transportation manufacturing sector, between February 2013 and March 2013 and was appointed to the director seat as a representative of Cyrus Capital Partners, L.P. Cyrus Capital Partners, L.P., is the investment manager for certain funds that are the senior secured debt providers, preferred shareholder and a significant shareholder (on a fully diluted basis) of DesignLine Corporation. In August 2013 DesignLine Corporation, with the agreement of Cyrus Capital Partners, L.P., filed for creditor protection under Chapter 11 of the United States Bankruptcy Code.

Daniel Bordessa was a director of Angel Mining plc between August 21, 2009 and October 22, 2012 and was appointed to the director seat as a representative of Cyrus Capital Partners, L.P. Cyrus Capital Partners, L.P., is the investment manager for certain funds that are the senior secured debt providers and largest shareholder (on a fully diluted basis) of Angel Mining plc. On March 1, 2013 Angel Mining plc, with the agreement of Cyrus Capital Partners, L.P., appointed the administrators Cork Gully LLP in the United Kingdom as a result of liquidity issues at its subsidiaries.

Personal Bankruptcies

No proposed director has, within 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 such proposed director.

Penalties and Sanctions

No proposed director has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

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

4. Appointment and Remuneration of Auditors

The shareholders of the Corporation will be asked to pass an ordinary resolution appointing PricewaterhouseCoopers LLP, Chartered Professional Accountants, as auditors of the Corporation, to hold office until the next annual general meeting of shareholders or until the firm of PricewaterhouseCoopers LLP is removed from office or resigns as provided by the Corporation's by-laws or law and to authorize the Board of Directors to fix the remuneration to be paid thereto. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution appointing PricewaterhouseCoopers LLP, Chartered Professional Accountants, as auditors of the Corporation for the next ensuing year.**

5. Approval of Unallocated Units under the Corporation's Performance Unit Plan

At the Meeting, shareholders of the Corporation will be asked to approve the unallocated performance share unit awards ("**PSUs**") and/or restricted share units ("**RSUs**", together with the PSUs are hereinafter referred to as the "**Units**") under the Corporation's performance share unit plan ("**PSU Plan**") as approved by the Corporation's shareholders on May 10, 2017. The PSU Plan provides that ten percent (10%) of the issued and outstanding Common Shares of the Corporation are issuable under the PSU Plan rather than a fixed maximum number of Common Shares. The Toronto Stock Exchange ("**TSX**") requires a majority of the shareholders of the Corporation to approve, every three years, the unallocated Units under the PSU Plan. For a description of the PSU Plan see "*Statement of Executive Compensation for High Arctic - Compensation Discussion and Analysis - Compensation Plans and Policies - Long-term Equity Incentive Plans - PSU Plan*".

The number of unallocated Units is calculated by subtracting the number of outstanding Units to acquire Common Shares at any given time from the number that represents 10% of the issued and outstanding Common Shares at the time. As of April 8, 2020, Units to purchase 374,008 Common Shares (equal to approximately 0.75% of the outstanding Common Shares) were outstanding under the PSU Plan, leaving unallocated Units to purchase 4,588,335 Common Shares (equal to approximately 9.25% of the outstanding Common Shares) available for future grants if Common Shares issuable on deferred share units ("**DSUs**") and stock options ("**Options**") are not included in such calculation.

Approval is being sought at the Meeting to approve the grant of unallocated Units under the PSU Plan. If approval is obtained, the Corporation will not be required to seek further approval of the grant of unallocated Units under the PSU Plan until May 14, 2023. If approval is not obtained at the Meeting, Units which have not been allocated as of May 10, 2020 and Units which are outstanding as of May 10, 2020 and are subsequently cancelled, terminated or exercised will not be available for a new grant of Units. Previously allocated Units will continue to be unaffected by the approval or disapproval of the resolution.

In accordance with the requirements of the TSX, approval of the unallocated Units under the PSU Plan does not require disinterested shareholder approval since the PSU Plan contains the insider participation limit (as such term is defined in the TSX Company Manual). The Board of Directors has unanimously approved the unallocated Units under the PSU Plan.

At the Meeting, the shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving the unallocated Units under the Corporation's PSU Plan. In order for the resolution approving the unallocated Units under the Corporation's PSU Plan to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting. **In absence of contrary direction, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the unallocated Units under the PSU Plan is as follows:

“BE IT RESOLVED as an ordinary resolution of the Corporation that:

- 1. all unallocated Units under the PSU Plan of the Corporation, as amended from time to time, are hereby approved and authorized, which approval shall be effective until May 14, 2023; and**
- 2. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”**

6. Approval of Unallocated DSUs under the Corporation’s Deferred Share Unit Plan

At the Meeting, shareholders of the Corporation will be asked to approve the unallocated DSUs under the Corporation’s deferred share unit plan (“**DSU Plan**”) as approved by the Corporation’s shareholders on May 10, 2017. The DSU Plan provides that ten percent (10%) of the issued and outstanding Common Shares of the Corporation are issuable under the DSU Plan rather than a fixed maximum number of Common Shares. The TSX requires a majority of the shareholders of the Corporation to approve, every three years, the unallocated DSUs under the DSU Plan. For a description of the DSU Plan see “*Statement of Executive Compensation for High Arctic - Compensation Discussion and Analysis - Compensation Plans and Policies - Long-term Equity Incentive Plans - DSU Plan*”.

The number of unallocated DSUs is calculated by subtracting the number of outstanding DSUs to acquire Common Shares at any given time from the number that represents 10% of the issued and outstanding Common Shares at the time. As of April 8, 2020, DSUs to purchase 167,272 Common Shares (equal to approximately 0.34% of the outstanding Common Shares) were outstanding under the DSU Plan, leaving unallocated DSUs to purchase 4,795,071 Common Shares (equal to approximately 9.66% of the outstanding Common Shares) available for future grants if Common Shares issuable on Units and Options are not included in such calculation.

Approval is being sought at the Meeting to approve the grant of unallocated DSUs under the DSU Plan. If approval is obtained, the Corporation will not be required to seek further approval of the grant of unallocated DSUs under the DSU Plan until May 14, 2023. If approval is not obtained at the Meeting, DSUs which have not been allocated as of May 10, 2020 and DSUs which are outstanding as of May 10, 2020 and are subsequently cancelled, terminated or exercised will not be available for a new grant of DSUs. Previously allocated DSUs will continue to be unaffected by the approval or disapproval of the resolution.

In accordance with the requirements of the TSX, approval of the unallocated DSUs under the DSU Plan does not require disinterested shareholder approval since the DSU Plan contains the insider participation limit (as such term is defined in the TSX Company Manual). The Board of Directors has unanimously approved the unallocated DSUs under the DSU Plan.

At the Meeting, the shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving the unallocated DSUs under the Corporation’s DSU Plan. In order for the resolution approving the unallocated DSUs under the Corporation’s DSU Plan to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting. **In absence of contrary direction, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the unallocated DSUs under the DSU Plan is as follows:

“BE IT RESOLVED as an ordinary resolution of the Corporation that:

- 1. all unallocated DSUs under the DSU Plan of the Corporation, as amended from time to time, are hereby approved and authorized, which approval shall be effective until May 14, 2023; and**
- 2. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”**

OTHER MATTERS COMING BEFORE THE MEETING

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the securities represented by proxy solicited hereby will be voted on such matters in accordance with the best judgment of the person voting such proxy.

STATEMENT OF EXECUTIVE COMPENSATION FOR HIGH ARCTIC

COMPENSATION DISCUSSION AND ANALYSIS

I. Overview of Compensation Program, Compensation Philosophy and Objectives

The Corporation has designed an executive compensation program to attract, motivate, reward and retain the knowledgeable and skilled executives that are required to achieve the Corporation’s objectives and increase shareholder value. This compensation program is geared towards fostering a culture of ownership by providing long-term equity-based incentives as a portion of executive compensation. This approach assumes that the Corporation’s share price performance over the long-term is an important indicator of long-term performance, aligning executive compensation with the generation of shareholder value.

The Corporation’s executive compensation program is based on the following fundamental principles:

- the compensation program should result in the alignment of executive goals with shareholder interests, maximizing long-term shareholder value;
- compensation to executive officers should be performance sensitive, directly linking some elements of compensation to the Corporation’s operating and market performance, both quantitatively and qualitatively; and
- total executive compensation should be in an amount that is competitive with other companies in the oilfield services industry and geographical area, consistent with the experience and responsibility level of the individual.

The main objectives of the Corporation’s executive compensation program were developed based on the above-mentioned principles, with a goal to reward the contribution of executive officers based on evaluation of performance against key measurements selected by the Board and Remuneration Committee that correlate with shareholder value and align with the Corporation’s strategic plan.

The compensation program of the Corporation provides incentives to achieve short and long-term objectives.

The short-term incentives include salary and annual bonus payments to the Named Executive Officers (as defined herein) based on the financial performance of the Corporation and achievement of certain individual performance targets. The Corporation provides long-term incentives to its executives and directors through grants of Options under the Corporation's stock option plan ("**Option Plan**") and share units under the PSU Plan and the DSU Plan. The long-term incentive plans link the interests of the executive officers and directors to shareholders of the Corporation as increasing the value of the Corporation will increase the amounts received by the Named Executive Officers.

II. Role and Composition of the Remuneration Committee

The Corporation's executive compensation program is administered by the Remuneration Committee (the "**Remuneration Committee**") of the Board. The Remuneration Committee is charged with reviewing and making recommendations to the Board in respect of the compensation matters relating to the Corporation's executive officers, employees and directors, including the "Named Executive Officers" who are identified in the "*Summary Compensation Table*", below.

The members of the Remuneration Committee are appointed by the Board. For the year ended December 31, 2019, the Remuneration Committee was comprised of: Michael Binnion (Chair), Dan Bordessa, Ember Shmitt and the Honourable Joe Oliver.

Although none of the members of the Remuneration Committee have a formal background or experience in executive compensation directly, all of the members of the Remuneration Committee are experienced participants in the business world and are well versed in the areas of corporate governance and compensation matters.

Mr. Bordessa has been actively involved in managing investments in a variety of businesses and acts as a director of some of the investee companies and has participated in establishing compensation policies. Mr. Oliver has extensive experience in the public sector, acting as a Member of Parliament and Minister, as well as experience with private entities in the roles of President and CEO and as a Director of public companies. Mr. Oliver has considerable experience dealing with compensation programs and matters generally. Ms. Shmitt has over 10 years of experience in financial strategy, investor relations and branding with a number of entities. Mr. Binnion is a seasoned entrepreneur with a history of starting, financing and managing companies and not-for-profits and has considerable experience with establishing and overseeing compensation programs. These skills and experiences enable the Remuneration Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

The Remuneration Committee operates under a written "Remuneration Committee Terms of Reference" that details its composition, its duties and its reporting responsibilities. The Remuneration Committee's primary duties and responsibilities are to:

- (1) determine and agree with the broad framework or broad policy for the remuneration of the Corporation's Chief Executive Officer, Chairman of the Board, the executive officers, and such other members of the executive management as it is designated to consider (the "**Remuneration Policy**");
- (2) in determining the Remuneration Policy, take into account all factors which it deems necessary to ensure that members of the executive management of the Corporation are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Corporation;
- (3) review the ongoing appropriateness and relevance of the Remuneration Policy;
- (4) approve the design of, and determine targets for, any performance-related pay arrangements and approve the total annual payments made under such arrangements;

- (5) determine each year whether awards will be made in respect of any securities-based compensation plans and, if so, the overall amount of such awards, the individual awards to directors, officers and other senior executives, the performance targets to be used and the form of agreement in respect of the grant of any securities-based compensation;
- (6) review and recommend for approval, if the proposed remuneration is within the parameters of the Remuneration Policy, any written employment agreement of an existing or new member of the executive management;
- (7) review and recommend for approval any termination and severance arrangements in respect of executive management;
- (8) within the terms of the Remuneration Policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each director, officer and senior executive including bonuses, incentive payments and share option or other share awards;
- (9) oversee any major changes in employee benefits structures; and
- (10) review and recommend for approval the general terms of any annual bonus plans for non-executive managers.

The Remuneration Committee Chair is required to report to the Board on its proceedings after each meeting and to make whatever recommendations it deems appropriate on any area within its mandate where action or improvement is needed. In addition to attendance at formal meetings, individual committee members also periodically reviewed the Corporation's approach to executive compensation with the Chief Executive Officer.

When reviewing the competitiveness of the compensation of Named Executive Officers, the Remuneration Committee considers the compensation schemes of its industry peers. The Corporation has reviewed the public disclosure available for other comparable companies to assist in determining the competitiveness of base salary, bonuses, benefits and equity-based compensation paid to each of the executive officers of the Corporation. At the time of this review, the Corporation selected the following peer group as measured by market capitalization and operational sector:

Akita Drilling Ltd.	PHX Energy Services Corp.
Badger Daylighting Ltd.	Strad Inc.
Black Diamond Group Ltd.	Total Energy Services Inc.
CWC Energy Services Corp.	Western Energy Services Corp.
Essential Energy Services	McCoy Global Inc.
Horizon North Logistics Inc.	

The Corporation believes the aforementioned peer group list is comprised of companies that have characteristics in common with the Corporation and that would compete for similar executive talent and as such, provides a good basis for assessing the competitiveness of the Corporation's compensation.

During 2018, the Corporation engaged Lane Caputo Compensation Inc. ("Lane Caputo") to update a compensation review that was delivered in 2017. During 2019, further review updates were not obtained. The following table sets forth information concerning the fees paid to Lane Caputo for the periods presented, as approved by the Remuneration Committee:

Financial Year Ending	Executive Compensation Related Fees (\$) ⁽¹⁾
December 31, 2019	Nil
December 31, 2018	31,500

Note:

- (1) "Executive Compensation Related Fees" means the aggregate fees billed by Lane Caputo, or any of its affiliates, for services related to determining compensation for any of the Corporation's directors and executive officers.

The Remuneration Committee will continue to periodically review the Remuneration Policy, with a goal to ensuring the Corporation's compensation program and offering is effective and competitive and is aligned with the above-noted principles.

Compensation Risks

While the Remuneration Committee does not formally consider the implications of the risks associated with the Corporation's compensation policies and practices, the Remuneration Committee does take into consideration the various components of the Corporation's compensation program when assessing whether the program supports the Corporation's principles and objectives and reviews the Corporation's compensation policies on a regular basis. The Remuneration Committee also considers the implication of the risks associated with the Corporation's compensation program, including: (i) the risk of executive officers taking inappropriate or excessive risks; (ii) the risk of inappropriate focus on achieving short-term goals at the expense of long-term return to shareholders; (iii) the risk of encouraging aggressive accounting practices; and (iv) the risk of excessive focus on financial returns and operational goals at the expense of regulatory, environmental and health and safety considerations.

The nature of the business in which the Corporation operates requires some level of risk-taking in order to achieve desired growth and outcomes in the best interests of the shareholders, especially in the international business. While the Corporation recognizes that no compensation program can fully mitigate these risks, the Remuneration Committee and Board believe that many of these risks can be mitigated by: (i) weighting long-term incentives towards share ownership and vesting long-term incentives over a number of years; (ii) avoiding narrowly focused performance goals which may encourage loss of focus on providing long-term shareholder return; (iii) retaining adequate discretion over the application and implementation of the compensation program to insure that the Remuneration Committee and Board retain their business judgment in assessing actual performance; and (iv) discourage executive participation in transactions that are designed to hedge or offset a decrease in market value of securities of the corporation as discussed below under the heading "*Short Selling and Restrictions*".

Short Selling and Restrictions

Executive officers and directors are prohibited from knowingly selling, directly or indirectly, any of the Corporation's securities that he or she does not own or has not fully paid for. Although the Named Executive Officers are permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation, the Corporation is not aware of any market for such financial instruments or the acquisition of any such financial instruments by a Named Executive Officer.

III. Compensation Plan and Policies

The Remuneration Committee has adopted a compensation program that covers the following key short-term and long-term elements: (i) a base fixed amount of salary and benefits; (ii) a performance-based cash bonus; and (iii) long-term equity incentive plans.

The Corporation's compensation policies are designed to recognize and reward individual performance as well as to provide a competitive level of compensation to executive officers.

A description of each element and its purpose is described below, following disclosure of the Named Executive Officers of the Corporation for the year ended December 31, 2019.

Named Executive Officers ("NEOs")

Individuals who are acting in a capacity similar to a Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and the three most highly compensated executive officers or individuals whose total compensation exceeds \$150,000 per annum are the "Named Executive Officers" or "NEOs". As at December 31, 2019, the NEOs of the Corporation were J. Cameron Bailey (CEO), James Hodgson (CFO), Michael J. Maguire (President, International), Donald Pack (Sr. VP, Canadian Operations) and Stephen Lambert (Director, Quality and Risk).

On February 14, 2020, James Hodgson departed as CFO of the Corporation and Christopher C. Ames was appointed as Vice-President Finance and Interim CFO. On March 23, 2020, J. Cameron Bailey departed as CEO of the Corporation and Michael J. Maguire was appointed as CEO.

Base Salaries

The purpose of the base salary is to attract and retain NEOs by providing a competitive base compensation amount. The level of base salary for each NEO is determined by the level of responsibility and the importance of the position to the Corporation, within competitive industry ranges. The Remuneration Committee makes annual recommendations to the Board regarding base salaries for each of the NEO.

Annual Incentive Bonuses

Annual incentive bonuses are a short-term variable compensation element designed to reward executives on an annual basis for their assistance in achieving the Corporation's business objectives for that year. Generally, such bonuses are of a discretionary nature based on a plan established at the start of each year. The Corporation's financial objectives are reviewed each year after the Board has considered and approved the annual operating and capital expenditure budgets for that year. The amount of bonus awarded to certain NEOs is calculated as a percentage of their base salary and is awarded only if threshold performance levels are met.

The purpose of the annual incentive bonuses is to pay for performance, align the executive's economic interest with the Corporation's short-term business objectives and to motivate and retain the executives. As with other years, the terms of the Incentive Plan for all employees and executive for 2019 were established through discussions among management, the Remuneration Committee and the Board.

Corporate Performance Bonuses

The purpose of the Corporate Performance Bonus Plan is to provide certain executives and employees with a specified incentive to achieve the financial goals of the Corporation. The eligible participants in the Corporate Performance Plan for 2019 included two Named Executive Officers, Mr. Bailey and Mr. Hodgson.

The pool of funds available for the Corporate Performance Bonus Plan is determined based on financial performance of the Corporation, measured by normalized Return on Equity ("**ROE**"). ROE is used to incent the Corporation's management team to provide sufficient returns for shareholders. The ROE measure determines the amount funded into a bonus pool for payout and payout will not occur unless certain budgeted EBITDA targets are achieved.

This methodology ensures that not only are shareholder returns achieved but that the Corporation's annual financial budget targets are achieved.

Individual bonus targets as a percentage of base salary are established for all eligible personnel ranging from 10% to 50% of salary depending upon the individual's position of responsibility and ability to influence the Corporation's financial or business objectives. Individual target bonus payouts are dependent upon certain financial, corporate and personal targets being achieved. For the CEO, the Board of Directors approves all personal targets. For the other NEOs, personal objectives are approved by the CEO. Please refer to the "NEO 2019 Performance" section for further details.

The CEO had an individual bonus target of 50% of his base salary. Payout of 60% of this bonus for 2019 was tied to the Corporation achieving certain EBITDA targets; 10% was tied to safety targets for the Corporation; and 30% was tied to achieving individual performance objectives with discretionary adjustments for cost elimination from the business. During 2019, Mr. Bailey was paid an annual bonus amount of \$135,000 representing approximately 38% of his salary.

The CFO had an individual bonus target of 50% of his base salary. Payout of 60% of this bonus for 2019 was tied to the Corporation achieving certain EBITDA targets; 10% was tied to safety targets for the Corporation; and 30% was tied to achieving individual performance objectives. During 2019, Mr. Hodgson was paid an annual bonus amount of \$25,000 representing approximately 14% of his salary.

***PNG Related
Performance
Bonuses***

The purpose of the Papua New Guinea (“**PNG**”) Performance Bonus Plan is to incentivize those executives and employees responsible for contributing to the Corporation’s international business operations profitably with strong safety and operational performance. The eligible participants in the PNG Performance Bonus Plan for 2019 included two Named Executive Officers, Mr. Maguire and Mr. Lambert.

Consistent with prior years, the PNG Performance Bonus plan is funded through the contribution of a percentage of certain financial earnings for the Corporation’s PNG business operations. For 2019, Mr. Maguire was eligible to receive up to 50% of the PNG Performance Bonus pool with discretionary adjustments from the Board for factors such as operational and safety performance of the PNG business. As a result of the strong safety and operational performance of the PNG business for 2019, the Board awarded Mr. Maguire \$146,827, representing approximately 43% of his salary.

Under the PNG Performance Bonus plan, Mr. Lambert was eligible to receive up to 25% of the PNG Performance Bonus pool. The board awarded Mr. Lambert \$58,544, representing approximately 21% of his salary.

***Canadian
Performance
Bonuses***

Similar to the Corporate and PNG performance bonus plans, the purpose of the Canadian Performance Bonus Plan is to provide the Canadian business managers with a specified incentive to achieve the financial, safety and operational goals for the Canadian operations. The eligible participants in the Canadian Performance Bonus Plan for 2019 included one Named Executive Officer, Mr. Pack.

Since the Canadian operations are not conducted in an independent legal entity which only has the Canadian operating results and balance sheet, ROE cannot be used as a measure for the Canadian operations. As such, for the Canadian Pool, a measure of normalized Return on net Invested Assets (“**ROIA**”) is used. ROIA is calculated using the operating assets and liabilities that are related to the Canadian operations and Corporate items are excluded from the calculation of ROIA. As with the Corporate plan, the ROIA measure determines the amount that is funded into a bonus pool for payout and payout will not occur unless certain budgeted EBITDA targets are achieved.

As with the Corporate plan, individual bonus targets as a percentage of base salary are established for all eligible personnel ranging from 10% to 50% of salary depending upon the individual’s position of responsibility and ability to influence the Corporation’s financial or business objectives. Individual target bonus payouts are dependent upon certain financial, corporate and personal targets being achieved.

Mr. Pack has an individual bonus target of 50% of his base salary. Payout of 50% of this bonus was tied to the Canadian division achieving certain EBITDA targets; 25% was tied to safety targets for the Canadian division and 25% was tied to achieving individual performance objectives.

Minimum financial targets were not met for full payout under the Canadian Performance Bonus Plan, however, Mr. Pack earned a bonus of \$75,000 under the program, representing 30% of his salary.

Long-term Equity Incentive Plans

In addition to recognizing the achievement of the Corporation's immediate objectives through the Corporation's Annual Incentive Plans, the Corporation recognizes the need to also incentivize its executives, directors and certain eligible employees to achieving sustained long-term performance that will lead to growth in shareholder value. The Corporation believes that tying a portion of an executive's, director's or employee's compensation to the growth in the Corporation's equity value is an effective way to achieving this focus on long-term shareholder value creation.

The Corporation currently has four elements of long-term incentive compensation for executives and directors in its long-term incentive program: (1) an Option Plan, (2) cash settled Restricted Share Units ("**CSRSUs**"), (3) the PSU Plan, and (4) the DSU Plan. The Corporation terminated its Executive and Director Share Incentive Plan ("**EDSIP**") on June 30, 2018. During 2018, a total of 20,000 Common Shares were vested and issued under the EDSIP, and as at December 31, 2018 and 2019, there were no Common Shares remaining reserved for issuance under the EDSIP.

The Option Plan, PSU Plan and DSU Plan (collectively, the "**Equity Plans**") all contain the following limitations on the number of Common Shares subject to the Equity Plans: (i) the number of Common Shares issuable to insiders at any time, pursuant to the Equity Plans or any other share based compensation arrangements, shall not exceed 10% of the issued and outstanding Common Shares; (ii) the number of Common Shares issued to insiders pursuant to the Equity Plans or any other share based compensation arrangements within a 12 month period, shall not exceed 10% of the issued and outstanding Common Shares; and (iii) the aggregate number of Common Shares reserved for issuance to non-employee directors under the Equity Plans and all other security based compensation arrangements shall not exceed 1% of the issued and outstanding Common Shares from time to time, or unless otherwise adjusted by way of TSX approval. Such adjust was obtained in 2017, which reserved up to 1,000,000 common shares to be allocated for non-employee directors.

A. *Option Plan*

The Corporation adopted its current Option Plan at the annual general and special meeting of shareholders held on June 28, 2007 with subsequent amendments to the Option Plan being approved by the shareholders at the annual general and special meetings held on June 29, 2010, June 1, 2011, May 13, 2014, May 13, 2016, and May 10, 2017. The Corporation's Option Plan is designed to attract and retain key individuals and to provide an incentive for the directors, officers, key employees and consultants to contribute to the future success and prosperity of the Corporation. Option based awards are designed to align executive and shareholder interests, focus executives on long-term value creation and also to support the retention of key executives. Directors, officers, key employees and consultants may be issued Options to purchase Common Shares as recommended by the Remuneration Committee and authorized by the Board of Directors. NEOs are excluded from the decision-making process regarding option-based compensation awarded to them. Previous grants of equity-based awards are taken into account when considering new grants of Options to the NEOs. The material terms of the Option Plan are described below.

The exercise price of the Options shall be determined by the Board of Directors, subject to applicable exchange and regulatory approval, at the time the Options are granted, provided that such exercise price shall not be less than the weighted average trading price of the Common Shares for the five trading days immediately prior to the date of grant. The Option Plan also provides that the Options will have a term fixed by the Board of Directors, not to exceed the maximum term permitted by any applicable exchange or other regulatory body, and will have the vesting conditions fixed by the Board of Directors, subject to applicable exchange and regulatory approvals. Generally, the options vest over a three-year period.

The Board may permit an Option holder to acquire Common Shares to be surrendered, unexercised, to the Corporation in consideration of the receipt by the Option holder of an amount equal to the difference, if any, between the aggregate fair market value of the Common Shares purchasable pursuant to the exercisable portion of such Option, on the date of the surrender, (as determined by the Board) and the aggregate exercise price with respect to such Common Shares pursuant to such Option.

An Option is personal to the holder of the Options and is non-assignable. If an Option holder ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries, for any reason (other than death), such Option holder may exercise its Option to the extent that the optionee was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the optionee ceases to be a director, officer, employee or consultant. In the event of the death of an Option holder, if and to the extent that the optionee was entitled to exercise its Options at the date of his or her death, the Option holder's estate has twelve (12) months in which to exercise the outstanding Options. In the event that an Option holder is terminated for "Cause" (as such term is defined in the Option Plan), all unvested Options and any vested Options that have not yet been exercised, shall be cancelled as of the Option holder's date of termination. For a further description of the treatment of Options in the case of the termination of an Option holder's employment or certain transactions involving the Corporation, see "*Termination and Change of Control Benefits*".

The Option Plan also includes a black-out provision. Pursuant to the policies of the Corporation respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Corporation's securities. These periods are referred to as "black-out periods". A black-out period is designed to prevent a person from trading while in possession of material information that is not yet available to other shareholders. The TSX recognizes these black-out periods might result in an unintended penalty to employees who are prohibited from exercising their Options during that period because of their company's internal trading policies. As a result, the TSX provides a framework for extending Options that would otherwise expire during a black out period. The Option Plan includes a provision that should an Option expiration date fall within a black out period or immediately following a black out period, the expiration date will automatically be extended for 10 business days following the end of the black out period.

Pursuant to the Option Plan, the Board shall have the power, in the event of: (i) any disposition of all or substantially all of the assets of the Corporation, on the dissolution, merger, amalgamation or consolidation of the Corporation, with or into any other person, or the merger, amalgamation or consolidation of any other person into the Corporation; or (ii) any change of control of the Corporation, to amend any Option agreement to permit the exercise of any or all of the remaining Options prior to completion of any such transaction. If the Board shall exercise that power, the Options shall be deemed to have been amended to permit the exercise thereof in whole or in part by the optionee at any time or from time-to-time as determined by the Board prior to the completion of such transaction.

The Option Plan provides that if the outstanding Common Shares are increased, decreased, changed into or exchanged for a different number or kind of Common Shares or securities of the Corporation through reorganization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board in its discretion in the number or kind of Common Shares or securities optioned and the exercise price per Common Share or security, as regards to previously granted and unexercised Options or portions thereof, and as regards to Options that may be granted subsequent to any such change in the Corporation's capital.

The Option Plan allows the Board of Directors to terminate or discontinue the Option Plan at any time without the consent of the Option holders provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Option Plan. In addition, the Board of Directors may by resolution amend the Option Plan and any Options granted under it without further shareholder approval, to the extent that such amendments relate to among other things:

- (a) altering, extending or accelerating the terms of vesting applicable to any Option or group of Options;
- (b) altering the terms and conditions of vesting applicable to any Option or groups of Options;
- (c) changing the termination provisions of an Option, provided that the change does not entail an extension beyond the original expiry date of such Option;
- (d) accelerating the expiry date in respect of an Option;
- (e) determining the adjustment provisions pursuant to the Option Plan;

- (f) amending the definitions contained within the Option Plan and other amendments of a “housekeeping” nature; and
- (g) amending or modifying the mechanics of exercise of the Options.

However, the Board will not be entitled in the absence of shareholder and TSX approval to: (i) reduce the exercise price of an Option held by an insider of the Corporation; (ii) unless otherwise extended under the Option Plan, extend the expiry date of an Option held by an insider of the Corporation; (iii) increase the maximum number of Common Shares issuable pursuant to the Option Plan; or (iv) amend the amendment provisions of the Option Plan.

During the previous two financial years ended December 31, 2019 and 2018, Options were granted to Named Executive Officers as follows:

Named Executive Officer	Number of Options Granted	Date of Grant	Exercise Price
James Hodgson ⁽¹⁾ <i>Chief Financial Officer</i>	250,000	June 22, 2018	\$3.87

Note:

(1) Mr. Hodgson was appointed as Chief Financial Officer on May 18, 2018, and departed the Corporation on February 14, 2020. He was also a member of the Board from July 20, 2017 to May 10, 2018.

As at December 31, 2019, there were 955,000 Options outstanding, representing approximately 1.92% of the issued and outstanding Common Shares, leaving 4,007,343 Common Shares (representing 8.08% of the issued and outstanding Common Shares on that date) reserved and available for issuance upon the exercise of Options that may be granted in the future if Common Shares issuable on Units and DSUs are not included in such calculation.

B. CSRSUs

The Corporation awarded 140,000 CSRSUs to Mr. Maguire between 2014 and 2017 inclusive. Each CSRSU is a contractual right that carries the right to a cash payment based upon the 5-day weighted average trading price of the Common Shares when exercised. The CSRSUs vest over a three year period with 34% of the total award vesting on the first anniversary of the award date and 33% of the total award vesting on each of the second and third anniversaries of the award date. The CSRSUs must be exercised by the end of six years from the award date. The third tranche of the last CSRSU granted on March 23, 2017 vested on March 23, 2020. None of these CSRSUs have been paid.

C. PSU Plan

The Corporation adopted the PSU Plan at the annual general and special meeting of the shareholders held on May 10, 2017. The PSU Plan permits the grant of Units to Executive Officers (as defined below) and consultants of the Corporation and its subsidiaries, partnerships, trusts or other controlled entities (each, a “**High Arctic Entity**”).

For purposes of the PSU Plan, “**Executive Officer**” means any individual who is an employee of the Corporation or any High Arctic Entity who is (i) the President and/or Chief Executive Officer of the Corporation; (ii) Chief Financial Officer a vice-president of the Corporation; or (iii) any other employee which the Board determines, in its sole discretion, is an executive officer or whom the Board believes may have the ability to impact the long-term goals and objectives of the Corporation or High Arctic Entities, as applicable.

The principal purpose of the PSU Plan is to develop the interest of Executive Officers and consultants of the Corporation and the High Arctic Entities in the growth and development of the Corporation by providing them with the opportunity to acquire an increased proprietary interest in High Arctic.

The PSU Plan is administered by the Board or an appointee of the Board. Under the PSU Plan, the Board may from time to time grant Units to Executive Officers and consultants of the Corporation and the High Arctic Entities (“**PSU Plan Participants**”) in such numbers, at such times and on such terms and conditions, consistent with the PSU Plan, as the Board may in its sole discretion determine.

The Board shall have discretion to apply vesting conditions on Units granted to a PSU Plan Participant, including a PSU Plan Participant’s continued employment with, or provision of consulting services to, the Corporation or a High Arctic Entity and/or the satisfaction of certain performance criteria set by the Board based on corporate and personal performance (“**Performance Criteria**”).

Units that are granted under the PSU Plan that expire, terminate, or are cancelled or settled for any reason without being in the form of Common Shares issued, shall result in the Common Shares that were reserved for issuance under the PSU Plan being available for a subsequent grant of Units pursuant to the PSU Plan. Any increase in the issued and outstanding Common Shares (whether it is a result of settlement of Units or otherwise) will result in an increase in the number of Common Shares that may be issued pursuant to Units outstanding at any time and any increase in the number of Units granted will, upon the issue of Common Shares pursuant thereto, make new grants available under the PSU Plan.

On a date (a “**Unit Release Date**”) to be selected by the Board following the date a Unit has become a vested Unit, the Corporation, at the Board’s discretion, shall either (i) make a cash payment to the PSU Plan Participant equal to the product of the number of vested Units recorded in the PSU Plan Participant’s account multiplied by the fair market value of the Common Shares on the Unit Release Date, less applicable withholding taxes, or (ii) issue from treasury of the Corporation, that number of Common Shares in exchange for the vested Units, less applicable withholding taxes.

In the event the Corporation elects to settle the Units through the issuance of Common Shares, the Corporation, at the Board’s discretion, has the option to either: (i) issue to the PSU Plan Participant that number of Common Shares from treasury equal to the number of Units in the PSU Plan Participant’s account that are being settled; or (ii) pay to a broker designated by the Corporation the cash amount to settle the Units less applicable withholding taxes, and the broker will, as soon as practicable thereafter use all of the cash to purchase Common Shares on behalf of such PSU Plan Participant on the TSX.

On any date on which a cash dividend is paid on the Common Shares, a PSU Plan Participant’s account will be credited with a dividend equivalent in the form of a number of Units calculated by multiplying the amount of the dividend per Common Share by the aggregate number of Units that were credited to the PSU Plan Participant’s account as of the record date for payment of the dividend, and dividing that amount by the fair market value on the date on which the dividend is paid.

If on the Unit Release Date a Black-Out Period (as defined below) has been imposed upon a PSU Plan Participant which is still in effect, then the Unit Release Date shall occur within ten days following the expiry of the Black-Out Period. A “**Black-Out Period**” will be any period of time imposed by High Arctic pursuant to any insider trading policy of the Corporation in effect at the applicable time upon certain designated persons during which those persons may not trade in securities of the Corporation.

Prior to the Unit Release Date in respect of any Units, or prior to the Unit Release Date in the case of a change of control or otherwise to the extent that the performance determination has not yet been made, the Board shall assess the performance of the Corporation for the applicable period.

The individual measures considered by the Board, including the comparative weighting of such measures, shall be determined by the Board in its sole discretion having regard to the principal purposes of the PSU Plan and, upon the assessment of the Performance Criteria, the Board shall determine the Corporation’s ranking. Measures that may be considered by the Board may include, but are not limited to, actual performance against the Corporation’s strategic plan, total shareholder return of the Corporation against certain peer group members, and the attainment of certain operational, growth and financial milestones and metrics. A payout multiplier in respect of this ranking shall be determined in the range of 0.0 to 2.0 by the Board, in its sole discretion (the “**Payout Multiplier**”).

Immediately prior to each Unit Release Date, the notional number of vested Units shall be adjusted by multiplying such number by the Payout Multiplier applicable to such Units.

Except in cases of termination of employment without cause as detailed in the paragraph below, upon the termination of the employment of a PSU Plan Participant (as a result of the participant ceasing to be actively employed by, or provide services as a consultant to the Corporation or a High Arctic Entity), any Units standing to the credit of such PSU Plan Participant which have not become vested on or before the date of the participant's termination (the "**Termination Date**"), shall immediately terminate and become null and void as of such date.

Subject to any provisions to the contrary in the employment or consulting agreement of any particular participant, upon the termination of employment without cause of such PSU Plan Participant, unless otherwise determined by the Board in its sole discretion, those Units awarded to such PSU Plan Participant that have not yet become vested, but would be eligible for vesting and issuance during the notice period specified in such participant's employment or consulting agreement, shall vest on the Termination Date. For a further description of the treatment of Units in the case of termination of a participant's employment or certain transactions including the Corporation, see "*Termination and Change of Control Benefits*".

Where the PSU Plan Participant's Termination Date occurs as a result of the participant's death, any Units standing to the credit of such Participant shall continue to vest (and be paid out) in the normal course for a period of twelve (12) months extending from the Participant's Termination Date. Any Units granted to such participant which have not become vested Units on or before the date that is the first anniversary of participant's Termination Date shall terminate and become null and void as of such date.

In the event of a Change of Control (as such term is defined in the PSU Plan) or a determination by the Board that a Change of Control is expected to occur, the Board shall have the authority to take all necessary steps so as to ensure the preservation of the economic interests of the PSU Plan Participants in, and to prevent the dilution or enlargement of, any Units. See "*Termination and Change of Control Benefits*".

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders of the Corporation (other than the payment of ordinary course cash or stock dividends in respect of the Common Shares), the number of Units then outstanding under the PSU Plan shall be adjusted in such manner, if any, as the Corporation may in its discretion deem appropriate to preserve, proportionally, the interests of PSU Plan Participants under the PSU Plan. Adjustments shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

Subject to the policies, rules and regulations of any lawful authority having jurisdiction over the Corporation, the Board may at any time, without further action by, or approval of, the shareholders, amend the PSU Plan or any Units granted under the PSU Plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:

- (i) ensure that Units granted under the PSU Plan will comply with any provisions respecting share units or other security based compensation arrangements in the *Income Tax Act* (Canada) or other laws in force in any country or jurisdiction of which a PSU Plan Participant to whom a Unit has been granted may from time to time perform services or be resident;
- (ii) make amendments of a procedural or "housekeeping" nature;
- (iii) change the termination provisions of a Unit granted under the PSU Plan which does not entail an extension of the expiry date of the Unit beyond the original expiry date of the Unit; or
- (iv) suspend or terminate the PSU Plan.

Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the PSU Plan Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any Unit theretofore granted.

Notwithstanding the above, approval of the shareholders will be required in order to:

- (i) increase the maximum percentage of outstanding Common Shares reserved for issuance under the PSU Plan;
- (ii) amend the determination of fair market value under the PSU Plan in respect of any Unit;
- (iii) extend the expiry date of any Unit;
- (iv) remove or increase any limit on grants of Units to insiders;
- (v) expand the circumstances under which Units may be assigned or transferred pursuant to the PSU Plan;
- (vi) amend the class of eligible PSU Plan Participants under the PSU Plan;
- (vii) amend the provisions regarding amendment to the PSU Plan; or
- (viii) grant additional powers to the Board to amend the PSU Plan or any Unit without the approval of shareholders.

Upon termination of the PSU Plan, subject to a resolution of the Board to the contrary, all unvested Units shall remain outstanding and in effect and continue to vest and be paid out in accordance with the terms of the PSU Plan existing at the time of its termination and the applicable grant agreement, provided that no further Units will be credited to the account of any PSU Plan Participant. The effective date of the PSU Plan's termination shall be the date upon which no further Units remain outstanding.

Units under the PSU Plan are not assignable nor transferable by a PSU Plan Participant in whole or in part, either directly, by operation of law or otherwise, except through devolution by death, and no right or interest of any PSU Plan Participant under the PSU Plan or to receive any payment (whether in cash or Common Shares) shall be liable for or subject to any obligation or liability of such PSU Plan Participant. Subject to the requirements of applicable law, a PSU Plan Participant may designate in writing a beneficiary under the PSU Plan.

On November 27, 2017, Mr. Maguire was granted 99,999 Units, which vest in equal tranches on each of the first, second and third anniversaries of the grant date. Mr. Maguire's Units have the following Performance Criteria:

- meeting targets of time spent in operational country and on High Arctic's revenue generating work sites;
- performance of the international business unit to the budgeted EBITDA;
- meeting or exceeding international business unit TRIF target;
- contribution to new business targets; and
- level of customer satisfaction.

The Board determined that Mr. Maguire had achieved 85% of the Performance Criteria for the first tranche of Units that vested November 27, 2018 or 28,333 Units, which have yet to be released. Further, the Board determined Mr. Maguire achieved 80% of the Performance Criteria for the second tranche of Units that vested November 27, 2019 or 28,561 Units, which have yet to be released.

On September 25, 2017, Mr. Lambert was granted 60,000 Units, which vest as follows: 33 1/3% on September 25, 2018, 33 1/3% on September 25, 2019 and 33 1/3% on September 25, 2020. Mr. Lambert received cash for the 20,000 Units that vested September 25, 2018. The 23,992 RSUs that vested on September 25, 2019 have also been released and paid.

On March 14, 2018 Mr. Bailey was granted 50,000 Units, and Mr. Pack was granted 25,000 Units which vest as follows: 33 1/3% on March 14, 2019, 33 1/3% on March 14, 2020 and 33 1/3% on March 14, 2021. On June 22, 2018 Mr. Hodgson was granted 25,000 Units which vest as follows: 33 1/3% on June 22, 2019, 33 1/3% on June 22, 2020 and 33 1/3% on June 22, 2021. None of these vested Units have been released.

As at December 31, 2019, there were 375,557 Units outstanding, representing approximately 0.76% of the issued and outstanding Common Shares, leaving 4,586,786 Units available for grant, or 9.24% of the issued and outstanding Common Shares, if Common Shares issuable on DSUs and Options are not included in such calculation.

D. DSU Plan

The Corporation adopted the DSU Plan at the annual general and special meeting of the shareholders held on May 10, 2017. The DSU Plan allows the Board (or an appointee of the Board) to grant DSUs, each of which is a unit that is equivalent in value to a Common Share (or cash equivalent thereof). DSUs will be fully vested upon grant and a DSU Participant (as defined below) will have the right to receive, at the election of the Corporation, either a cash payment or the issuance of Common Shares on the Redemption Date (as defined below).

The principal purposes of the DSU Plan are to provide non-employee directors of the Corporation and the High Arctic Entities with the opportunity to acquire DSUs to enable them to participate in the long-term success of Corporation and to promote a greater alignment of interests between directors of the Corporation and its shareholders. Any individual who is a non-employee member of the Board (an "**Eligible Director**") of the Corporation or of a High Arctic Entity is eligible to participate in the DSU Plan.

The DSU Plan is administered by the Board or an appointee of the Board, which, from time to time in its sole discretion, will grant DSUs to Eligible Directors ("**DSU Participants**"). In addition to discretionary grants, a DSU Participant may elect to receive all or a portion of that DSU Participant's total cash compensation (which includes annual retainer, attendance fee and discretionary compensation payable to such director) in the form of DSUs. The number of DSUs to be credited to a DSU Participant for services in a financial quarter will be determined by dividing the total amount of compensation that the DSU Participant elected to receive in DSUs (payable by the Corporation on the last day of such financial quarter (the "**Purchase Date**")) by the fair market value as at the Purchase Date, or such other date as otherwise determined by the Board in its discretion.

DSUs that are granted under the DSU Plan that expire, terminate, or are cancelled or settled for any reason without being in the form of Common Shares issued, shall result in the Common Shares that were reserved for issuance under the DSU Plan being available for a subsequent grant of DSUs pursuant to the DSU Plan. Any increase in the issued and outstanding Common Shares (whether it is a result of settlement of DSUs or otherwise) will result in an increase in the number of Common Shares that may be issued pursuant to DSUs outstanding at any time and any increase in the number of DSUs granted will, upon the issue of Common Shares pursuant thereto, make new grants available under the DSU Plan.

On any date on which a cash dividend is paid on the Common Shares, a DSU Participant's account will be credited with a dividend equivalent in the form of a number of DSUs (including fractional DSUs, computed to three digits) calculated by multiplying the amount of the dividend per Common Share by the aggregate number of DSUs that were credited to the DSU Participant's account as of the record date for payment of the dividend, and dividing that amount by the fair market value on the date on which the dividend is paid.

A DSU Participant will have the right to receive, at the election of the Corporation, either a cash payment or the issuance of Common Shares in respect of the settlement of the DSUs recorded in the DSU Participant's account, on the later of the following dates (the "**Redemption Date**"):

(i) the third business day following the date on which the DSU Participant ceases to serve as a director of, and is not an employee or officer of, the Corporation or a High Arctic Entity (the "**Separation Date**"); or (ii) such later date as may be agreed in writing between the Corporation and the DSU Participant before the Separation Date.

A DSU Participant who is not a U.S. Director (as such term is defined in the DSU Plan) will receive (a) a payment (the "**Cash Payment**") equal in value to the number of DSUs recorded in the DSU Participant's account on the Separation Date multiplied by the fair market value per Common Share on the Redemption Date, less any applicable withholding taxes, or (b) issuance from treasury of the Corporation of that number of Common Shares for the DSUs recorded on the DSU Participant's account, less applicable withholding taxes. A DSU Participant who is a U.S. Director will receive cash equal to the fair market value of the Common Shares on the Separation Date multiplied by the number of DSUs recorded on the DSU Participant's account, net of any applicable withholding tax.

In the event the Corporation elects to settle the DSUs through the issuance of Common Shares, the Corporation has the option to either: (i) issue to the DSU Participant that number of Common Shares from treasury equal to the number of DSUs in the DSU Participant's account that are being settled; or (ii) pay to a broker designated by the Corporation the Cash Payment less withholding taxes, and the broker will, as soon as practicable thereafter use all of the cash to purchase Common Shares on behalf of such DSU Participant on the TSX.

If on the Redemption Date a Black-Out Period has been imposed upon a DSU Participant which is still in effect, then the Redemption Date shall occur within ten days following the expiry of the Black-Out Period.

In the event of the death of a DSU Participant, the Corporation will, within two months of the DSU Participant's death, pay cash equal to the fair market value of the Common Shares multiplied by the number of DSUs recorded on the DSU Participant's account which would be deliverable to the DSU Participant if the DSU Participant had ceased being a director, in respect of the DSUs credited to the deceased DSU Participant's account (net of any applicable withholding tax) to or for the benefit of the DSU Participant's beneficiary.

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders of the Corporation (other than the payment of ordinary course cash or stock dividends in respect of the Common Shares), the number of DSUs then outstanding under the DSU Plan shall be adjusted in such manner, if any, as the Corporation may in its discretion deem appropriate to preserve, proportionally, the interests of DSU Participants under the DSU Plan. Adjustments shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

Subject to the policies, rules and regulations of any lawful authority having jurisdiction over the Corporation, the Board may at any time, without further action by, or approval of, the shareholders, amend the DSU Plan or any DSU granted under the DSU Plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to: ensure that DSUs granted under the DSU Plan will comply with any provisions respecting deferred share units or other security based compensation arrangements in the *Income Tax Act* (Canada) or other laws in force in any country or jurisdiction of which a DSU Participant to whom a DSU has been granted may from time to time perform services or be resident; make amendments of a procedural or "housekeeping" nature; suspend or terminate the DSU Plan. Any such amendments shall, if made, become effective on the date selected by the Board.

The Board may not, however, without the consent of the DSU Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any DSUs theretofore granted. Shareholder approval shall be obtained for any amendments as required by the TSX, including, among other things, in relation to an amendment to remove or exceed insider participation limits under the DSU Plan and amendments to the amending provision.

DSUs under the DSU Plan are not assignable nor transferable by a DSU Participant in whole or in part, either directly, by operation of law or otherwise, except through devolution by death, and no right or interest of any DSU Participant under the DSU Plan or to receive any payment (whether in cash or Common Shares) shall be liable for or subject to any obligation or liability of such DSU Participant. Subject to the requirements of applicable law, a DSU Participant may designate in writing a beneficiary under the DSU Plan.

On December 29, 2017, Mr. Binnion was granted 7,500 DSUs as part of his compensation for serving on the Board of Directors in 2017. All other Board member were also granted 7,500 DSUs at this time, except for Mr. Hodgson, who was granted 2,500 DSUs for his service on the Board for part of 2017 to add to the 5,000 DSUs he was granted as incentive to join the Board. Mr. Binnion was granted 100,000 DSUs in March 2018 for his service as Executive Chairman and Interim CEO.

On May 9, 2019, 8,035 DSUs were exercised by Steven Vasey, upon his resignation from the Board.

As at December 31, 2019, there were 161,729 DSUs outstanding, representing approximately 0.33% of the issued and outstanding Common Shares, leaving 4,800,614 DSUs available for grant, or 9.67% of the issued and outstanding Common Shares, if Common Shares issuable on Units and Options are not included in such calculation.

Summary of Outstanding Equity Plans:

The table below summarizes the total securities outstanding under the Corporation's long-term incentive plans as at December 31, 2019:

	Options	Units	DSU	Total
Total Outstanding	955,000	375,557	161,729	1,492,286
% of Common Shares	1.92%	0.76%	0.32%	3.00%

Burn Rates

The Corporation's annual burn rate, as described in Section 613(d) of the TSX Company Manual, under each security-based compensation arrangement is as follows:

Security-Based Compensation Arrangement	Fiscal 2017 (%)	Fiscal 2018 (%)	Fiscal 2019 (%)
Option Plan	1.14	0.67	0.00
EDSIP ⁽¹⁾	0.04	0.00	0.00
PSU Plan ⁽²⁾	0.39	0.54	0.13
DSU Plan ⁽²⁾	0.10	0.21	0.02
Total	1.67	1.42	0.15

Notes:

- (1) The Corporation's EDSIP was terminated on June 30, 2018.
- (2) The Corporation's PSU Plan and DSU Plan were adopted on May 10, 2017.

The burn rate is calculated as a percentage, being the number of securities granted under a specific arrangement during the applicable fiscal year, divided by the weighted average number of securities outstanding for the applicable fiscal year. The burn rates are subject to change from time to time, based on the number of Options, Incentive Shares, Units and DSUs granted and the total number of Common Shares issued and outstanding.

Other Elements of Compensation

Benefits and Perquisites

In addition to the compensation elements set out above, the Named Executive Officers also participate in the Corporation's benefit plans that are available to all employees. The level of other perquisites depends on the employee's position. The purpose of the benefits and perquisites is to attract, retain and motivate the employees.

At the discretion of the Board, certain Named Executive Officers may also be entitled to receive an automobile and parking allowance.

The Corporation also offers a Group Registered Retirement Savings Plan ("**RRSP Plan**") that is available to full-time and part-time employees, including the Named Executive Officers that are resident in Canada. Participation into the RRSP Plan is voluntary, and employees can enroll immediately upon employment. Employer matching contributions begin after 6 months of continuous service. Matching contributions are between 3% - 5%, depending on length of service.

The overall contributions of the RRSP plan is capped at the allowable limits applicable to an RRSP under the *Income Tax Act* (Canada).

The Named Executive Officers residing in Australia participate in a statutory superannuation benefit plan that is intended to provide pension benefits to Australian based employees at the cost of the Corporation. For Messrs. Maguire and Lambert, this amounted to approximately \$19,100 each in 2019.

NEO 2019 Performance

In assessing the performance of each NEO for 2019, the CEO, as well as the Remuneration Committee considered the following performance criteria:

- NEO contributions to the development and execution of the Corporation's business plans and strategies;
- Performance of the NEO's regional business units / functional areas;
- Prioritization of safety as a critical focus area and key measure of success;
- Achievement of their top five priorities;
- Level and scope of responsibility;
- Tenure with the Corporation;
- Demonstrated leadership ability;
- Teamwork; and
- Work ethic.

IV. Summary Compensation Table of Named Executive Officers

The following table sets forth all annual and long-term compensation for the financial year ended December 31, 2019, with comparative information for years ended December 31, 2018 and December 31, 2017, for services in all capacities to the Corporation and its subsidiaries, if any, in respect of the Named Executive Officers.

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other ⁽⁸⁾ Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
J. Cameron Bailey CEO ⁽³⁾	2019	387,000	-	-	135,000	-	-	4,200	526,200
	2018	360,000	187,000	-	-	-	-	4,200	551,200
	2017	35,538	-	199,140	-	-	-	350	235,028
James Hodgson CFO ⁽⁴⁾	2019	275,000	-	-	25,000	-	-	4,200	304,200
	2018	172,933	97,250	175,047	-	-	-	28,455	473,685
	2017	-	31,635	-	-	-	-	17,814	49,449
Michael J. Maguire President, International ⁽⁵⁾	2019	322,938	-	-	146,827	-	19,111	4,761	493,637
	2018	339,045	-	-	117,209	-	19,655	5,362	481,271
	2017	348,155	895,996	-	122,402	-	19,727	5,882	1,392,162
Donald Pack Sr. VP, Canadian Operations ⁽⁶⁾	2019	250,000	-	-	75,000	-	-	4,200	329,200
	2018	250,000	93,500	-	100,000	-	-	4,200	447,700
	2017	223,436	-	39,828	125,000	-	-	9,911	398,175
Stephen Lambert Director, Quality Risk ⁽⁷⁾	2019	273,983	-	-	58,544	-	19,162	4,761	356,450
	2018	280,923	-	-	58,603	-	19,655	5,362	364,543
	2017	288,471	256,200	-	61,200	-	19,727	7,213	632,811

Notes:

- "Share-Based Award"** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.

PSU Plan: \$399,996 of Mr. Maguire's 2017 amount reflects the grant date fair value of Units awarded determined by multiplying the number of Units granted by \$4.00, the trading value of Common Shares at the time of grant. Mr. Maguire's Units only vest if he achieves the agreed performance criteria. \$496,000 of Mr. Maguire's 2017 amount reflects the grant date fair value of RSUs awarded determined by multiplying the number of RSUs granted by \$4.96, the trading value of the Common Shares at the time of grant.

Mr. Lambert's 2017 amount reflects the grant date fair value of Units awarded determined by multiplying the number of Units granted by \$4.27, the trading value of Common Shares at the time of grant. Mr. Bailey and Mr. Pack's 2018 amounts reflect the grant date fair value of Units awarded determined by multiplying the number of Units granted by \$3.74, the trading value of Common Shares at the time of grant. Mr. Hodgson's 2018 amount reflects the grant date fair value of Units awarded determined by multiplying the number of Units granted by \$3.89, the trading value of Common Shares at the time of grant.

DSU Plan: Mr. Hodgson's 2017 amount reflects the grant fair value of DSUs awarded determined by multiplying the number of DSUs granted by the trading value of the Common Shares at the times of grant.
- "Option-Based Award"** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The reported amounts reflect options awarded under the Option Plan and were calculated using the Black-Scholes model based on a trading value at award equal to the exercise price. This method is the same as the methodology used by the Corporation in calculating stock option compensation in its audited financial statements.
- Mr. Bailey was appointed Chief Executive Officer in November 2017. The amounts under "All Other Compensation" include a parking allowance. Mr. Bailey departed as Chief Executive Officer on March 23, 2020.
- Mr. Hodgson was appointed Chief Financial Officer on May 18, 2018 after he resigned from the Board of Directors on May 10, 2018. He served on the Board of Directors from July 20, 2017 to May 10, 2018. The amounts under "All Other Compensation" include a parking allowance and the total cash amount paid to Mr. Hodgson for his service on the board of directors, including retainers and meeting fees. Mr. Hodgson did not receive any compensation for serving as a director of the Corporation from and after the date he resigned from the Board of Directors. Mr. Hodgson departed as Chief Financial Officer on February 14, 2020.

- (5) Mr. Maguire was appointed as Chief Executive Officer on March 23, 2020. He was appointed President, International in December 2016 and previously was Vice-President, International from December 2013. His 2019 remuneration has been converted from Australian dollars to Canadian dollars at an average annual exchange rate, except for his annual incentive plan payments which has been converted in part from U.S. dollars at the rate on the day of payment. Other compensation includes (i) a parking allowance; and (ii) the dividend reinvestment value of Mr. Maguire's Units, calculated by multiplying the dividend amount by the number of Units outstanding on the record date(s).
- (6) Mr. Pack was appointed Sr. VP, Canadian Operations in June 2017 and was previously Vice President, Well Servicing from January 2017. The amount under "Annual Incentive Plans" includes a signing bonus as well as payment under the Canadian Performance Bonus Plan. The amount under "All Other Compensation" includes a parking allowance.
- (7) Mr. Lambert was appointed Director, Quality and Risk in May 2019 and served previously as General Manager International from January 2017, and was People and Safety Manager, International from June 2014. His 2019 remuneration has been converted from Australian dollars to Canadian dollars at the average annual exchange rate, except for his annual incentive plan payments which has been converted in part from U.S. dollars at the rate on the day of payment. Other compensation includes (i) a parking allowance; and (ii) the dividend reinvestment value of Mr. Lambert's Units, calculated by multiplying the dividend amount by the number of Units outstanding on the record date(s).
- (8) The NEOs receive minimal perquisites/other benefits. However, none of the NEOs are entitled to perquisites or other personal benefits which in the aggregate, are worth over \$50,000 or over 10% of their base salary.

V. Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Named Executive Officer of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾⁽²⁾ (\$)	Number of Shares or Share Units that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested ⁽³⁾ (\$)	Market or Payout Value of vested Share-Based Awards not paid out or distributed ⁽⁴⁾ (\$)
J. Cameron Bailey CEO	250,000	3.75	December 27, 2022	Nil	37,063	85,616	42,814
James Hodgson CFO	250,000	3.87	June 22, 2023	Nil	18,303	42,280	40,730
Michael J. Maguire President, International	Nil	Nil	Nil	Nil	63,155	145,888	408,480
Donald Pack Sr. VP, Canadian Operations	50,000	3.75	December 27, 2022	Nil	18,532	42,809	21,407
Stephen Lambert Director, Quality and Risk	Nil	Nil	Nil	Nil	22,793	52,652	460

Notes:

- (1) Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities exceeded the exercise or base price of the option at the financial year end.
- (2) The aggregate of the excess, if any, between the market value of the Common Shares as at December 31, 2019 (the last day the Common Shares traded in the most recently completed financial year), being \$2.31 per Common Share, and the exercise price of the options.
- (3) The aggregate of the market value of the unvested Common Shares held under the PSU Plan and DSUs as at December 31, 2019 (the last day the Common Shares traded in the most recently completed financial year), being \$2.31 per Common Share.
- (4) The aggregate of the market value of the vested Common Shares held under the PSU Plan and DSUs as at December 31, 2019 (the last day the Common Shares traded in the most recently completed financial year), being \$2.31 per Common Share.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of option-based awards, share-based awards and non-equity incentive plan compensation which vested or was earned during the most recently completed financial year for each Named Executive Officer.

Name and Title	Option-Based Awards - Value vested during the year ⁽¹⁾ (\$)	Share-Based Awards - Value vested during the year ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
J. Cameron Bailey Chief Executive Officer	Nil	71,268	135,000
James Hodgson Chief Financial Officer	Nil	31,908	25,000
Michael J. Maguire President, International	Nil	274,672	146,827
Donald Pack Sr. VP, Canadian Operations	Nil	35,634	75,000
Stephen Lambert Director, Quality and Risk	Nil	52,145	58,544

Notes:

- (1) Calculated based on the difference between the closing price of the Common Shares on the vesting date and the exercise price of the stock options.
- (2) Calculated based on the closing price of the Common Shares on the vesting date.

VI. Group Savings and Retirement Plan

The Corporation has a group RRSP savings plan as described above under the heading “*Other Elements of Compensation - Benefits and Perquisites*”.

VII. Termination and Change of Control Benefits

The Corporation has entered into employment agreements with Messrs. Bailey, Hodgson, Maguire, Pack and Lambert (the “**Employment Agreements**”). Each of the Employment Agreements provides for the NEO’s annual base salary, vacation entitlement and benefits. The Employment Agreements for Messrs. Bailey, Hodgson and Maguire generally have entitlements on a termination and change of control as follows:

Termination Event Provisions in employment agreements of Named Executive Officers

- | | |
|-------------|---|
| Resignation | <ul style="list-style-type: none"> • all salary and benefit programs end; • vested stock options must be exercised within 90 days (per the Option Plan); • vested Incentive Shares under the EDSIP will be held by the Trustee until reaching the Release Date and unvested Incentive Shares will be immediately forfeited (per the EDSIP); • CSRSUs that are vested will be held for the benefit of the employee until exercisable upon reaching the Release Date and unvested CSRSUs will be immediately cancelled; and • Units that are vested will be released on their respective Unit Release Date and Units that are not vested, but would be eligible for vesting during the notice period specified in the employee’s employment or consulting agreement, will vest on the Termination Date (per the PSU Plan). |
|-------------|---|

Termination Event Provisions in employment agreements of Named Executive Officers

- | | |
|---------------------------|---|
| Retirement | <ul style="list-style-type: none">• all salary and benefit programs end;• vested stock options must be exercised within 90 days (per the Option Plan);• vested Incentive Shares under the EDSIP will be held by the Trustee until reaching the Release Date and unvested Incentive Shares may be deemed vested at the discretion of the Board of Directors (per the EDSIP);• CSRSUs that are vested will be held for the benefit of the employee until exercisable upon reaching the Release Date and unvested may be deemed vested at the discretion of the Board of Directors; and• Units that are vested will be released on their respective Unit Release Date and Units that are not vested, but would be eligible for vesting during the notice period specified in the employee's employment or consulting agreement, will vest on the Termination Date (per the PSU Plan). |
| Death | <ul style="list-style-type: none">• all salary and benefit programs end;• vested stock options must be exercised within one year (per the Option Plan);• vested Incentive Shares under the EDSIP will be held by the Trustee until reaching the Release Date and unvested Incentive Shares may be deemed vested at the discretion of the Board of Directors (per the EDSIP);• CSRSUs that are vested will be held for the benefit of the employee until exercisable upon reaching the Release Date and unvested may be deemed vested at the discretion of the Board of Directors; and• Units that are vested will be released for a period of twelve (12) months extending from the Termination Date (per the PSU Plan) and Units that are not vested within the first anniversary of death will terminate. |
| Termination without cause | <ul style="list-style-type: none">• for Mr. Bailey, pay in lieu of notice equal to two months' salary;• for Mr. Maguire, within the first three years of employment, pay in lieu of notice equal to four months' salary. Thereafter, the notice period will increase by one month per year of service to a maximum of twelve months;• vested stock options must be exercised within 90 days (per the Option Plan);• CSRSUs that are vested will be held for the benefit of the employee until exercisable upon reaching the Release Date and unvested CSRSUs will be immediately cancelled; and• Units that are vested will be released on their respective Unit Release Date and Units that are not vested, but would be eligible for vesting during the notice period specified in the employee's employment or consulting agreement, will vest on the Termination Date (per the PSU Plan). |

Termination Event Provisions in employment agreements of Named Executive Officers

- | | |
|-----------------------|--|
| Termination for cause | <ul style="list-style-type: none">• all salary and benefit plans end on the date of termination;• all unvested and vested stock options that have not been exercised are cancelled as of the option holder's date of termination;• vested Incentive Shares under the EDSIP will be held by the Trustee until reaching the Release Date and unvested Incentive Shares will be immediately forfeited (per the EDSIP);• CSRSUs that are vested will be held for the benefit of the employee until exercisable upon reaching the Release Date and unvested CSRSUs will be immediately cancelled; and• Units that are vested will be released on their respective Unit Release Date and Units that are not vested shall immediately terminate (per the PSU Plan). |
| Change of Control | <ul style="list-style-type: none">• payment equal to base salary and benefits for eighteen months;• vested stock options must be exercised within 90 days and unvested stock options may be deemed vested at the discretion of the Board of Directors (per the Option Plan);• CSRSUs that are vested will be held for the benefit of the employee until exercisable upon reaching the Release Date and unvested CSRSUs will vest on the date of the change of control; and• the PSU Plan provides the Board with the ability to preserve Unit benefits through the issuance of replacement units, which vest under similar terms and conditions of the existing Units, or cause all Units to vest prior to the change of control, or any combination of these alternatives. |

Change of Control

The Employment Agreements of Messrs. Bailey, Hodgson and Maguire contain specific provisions relating to a "change of control". Under the Employment Agreements:

- (a) in the event that there is a change of control, merger, amalgamation or reorganization of the Corporation or a sale of all or substantially all of its assets (a "**Trigger Event**"); and
- (b) as a result of the Trigger Event, that person is demoted, has a substantial reduction in responsibilities or is terminated or constructively dismissed,

then that person is entitled to resign their employment and receive a severance payment equal to the aggregate of their base salary, vehicle allowance, insurance benefit program (based on employer contributions) and employer pension contributions based on the preceding 18 months, which shall be paid as a retiring allowance if requested by the employee. The employee has 60 days following the Trigger Event to exercise their discretion to resign. Mr. Maguire's Employment Agreement also provides that he will be entitled to payment of any bonuses pursuant to any bonus plan that have accrued to the date of termination.

Specific Payments Upon Termination of Employment

The following table sets out the estimated payments that Named Executive Officer would be entitled to upon resignation, retirement, termination without cause, termination for cause and a change of control, based on the compensation payouts for the year ended December 31, 2019:

Name	Event	Severance Period (# of months)	Base Salary ⁽¹⁾ (\$)	Benefits Value ⁽²⁾ (\$)	Options Value ⁽³⁾ (\$)	Share-based Awards Value (\$)	Total incremental obligation (\$)
J. Cameron Bailey ⁽⁷⁾	Resignation	-	-	-	-	42,814 ⁽⁴⁾	42,814
	Retirement	-	-	-	-	42,814 ⁽⁴⁾	42,814
	Termination without cause	2	64,500	9,675	-	42,814 ⁽⁴⁾	116,989
	Termination for cause	-	-	-	-	-	-
	Change of Control	18	580,500	87,075	-	128,429 ⁽⁵⁾	796,004
James Hodgson ⁽⁶⁾	Resignation	-	-	-	-	40,727 ⁽⁶⁾	40,727
	Retirement	-	-	-	-	40,727 ⁽⁶⁾	40,727
	Termination without cause	-	-	-	-	40,727 ⁽⁶⁾	40,727
	Termination for cause	-	-	-	-	19,586 ⁽⁶⁾	19,586
	Change of Control	18	412,500	61,875	-	63,421 ⁽⁵⁾	537,796
Michael J. Maguire	Resignation	-	-	-	-	408,480 ⁽⁴⁾	408,480
	Retirement	-	-	-	-	408,480 ⁽⁴⁾	408,480
	Termination without cause	8	215,292	32,294	-	408,480 ⁽⁴⁾	656,066
	Termination for cause	-	-	-	-	247,170 ⁽⁴⁾	247,170
	Change of Control	18	484,407	72,661	-	554,368 ⁽⁵⁾	1,111,436
Donald Pack	Resignation	-	-	-	-	21,407 ⁽⁴⁾	21,407
	Retirement	-	-	-	-	21,407 ⁽⁴⁾	21,407
	Termination without cause	-	-	-	-	21,407 ⁽⁴⁾	21,407
	Termination for cause	-	-	-	-	-	-
	Change of Control	-	-	-	-	64,213 ⁽⁵⁾	64,213
Stephen Lambert	Resignation	-	-	-	-	-	-
	Retirement	-	-	-	-	-	-
	Termination without cause	-	-	-	-	-	-
	Termination for cause	-	-	-	-	-	-
	Change of Control	-	-	-	-	53,112 ⁽⁵⁾	53,112

Notes:

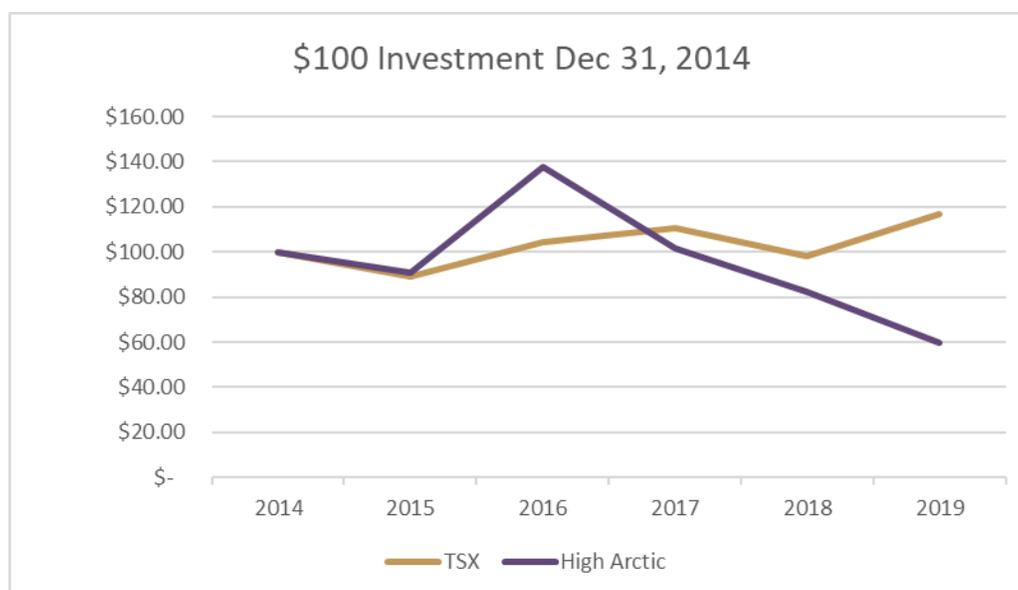
- (1) The Named Executive Officers' monthly salary on December 31, 2019 multiplied by the number of months in the severance period. For individuals paid in Australian dollars, the amount is converted to Canadian dollars at a rate of 0.9227.
- (2) The value of 15% of the Named Executive Officers' severance base salary to compensate for the loss of benefits.
- (3) The total value of unexercised stock options that are in-the-money based on \$2.31, the closing price of the Common shares of the Corporation on the TSX on December 31, 2019.
- (4) The value of Units and CSRSUs that had vested as at December 31, 2019 based on \$2.31, the closing price of the Common shares of the Corporation on the TSX on December 31, 2019.
- (5) The total value of vested and unvested CSRSUs and Units based on \$2.31, the closing price of the Common shares of the Corporation on the TSX on December 31, 2019.
- (6) Included in Share-based Awards Values for Mr. Hodgson re: Resignation, Retirement, Termination without cause, include vested Units and DSUs based on \$2.31, the closing price of the Common shares of the Corporation on the TSX on December 31, 2019. Termination for cause includes DSUs based on \$2.31 per Common share associated with DSUs earned while a member of the Board. Mr. Hodgson departed the Corporation on February 14, 2020.
- (7) Mr. Bailey departed the Corporation on March 23, 2020.

VIII. Other Compensation

Other than as set forth herein, the Corporation did not pay any other compensation to Named Executive Officers (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to greater than \$50,000 or 10% of their base salary, per individual.

PERFORMANCE GRAPH

The following graph compares the yearly change in cumulative shareholder return over the periods indicated (assuming a \$100 investment was made on December 31, 2014) on the Common Shares of the Corporation, with the cumulative total return of the S&P/TSX Composite Index from December 31, 2014 to December 31, 2019.



Date	S&P Composite Index	Market Price per Common Share	Annual Dividends per Common Share
2014	14,632	\$3.85	\$0.178
2015	13,009	\$3.49	\$0.198
2016	15,287	\$5.30	\$0.198
2017	16,209	\$3.91	\$0.198
2018	14,323	\$3.17	\$0.198
2019	17,131	\$2.31	\$0.198

The trend in the performance graph does not directly correlate to the trend of the compensation paid to the Named Executive Officers.

The Corporation has concluded that management must be compensated based on competitive market conditions and the value of the services provided, irrespective of Common Share price movements. The trading price of the Common Shares directly impacts the benefits enjoyed by the Named Executive Officers as a result of the Named Executive Officers' participation in the equity-based incentive plans offered by the Corporation.

STATEMENT OF DIRECTOR COMPENSATION

As at December 31, 2019, the Corporation had seven directors, one of whom, J. Cameron Bailey (Chief Executive Officer), was also an executive officer of the Corporation. On May 10, 2018, Mr. James Hodgson resigned as a director of the Corporation and on May 18, 2018 was appointed as Chief Financial Officer, until his departure on February 14, 2020. On May 18, 2018, Mr. J. Cameron Bailey was elected as a director of the Corporation to fill the vacancy created by Mr. Hodgson's resignation. On December 12, 2018, Mr. Douglas Strong was elected as a director. Mr. Bailey did not receive any additional compensation for services rendered in his capacity as a member of the Board of Directors. For a description of the compensation paid to Messrs. Bailey and Hodgson, please see "*Statement of Executive Compensation*" above.

For the year ended December 31, 2019, all Directors received an annual retainer of \$24,000. Further annual retainers are paid to the following chairs:

Position	Additional Compensation
Executive Chairman of the Board	\$11,520
Chairman of the Audit Committee	\$5,760
Chairman of the Remuneration Committee	\$960
Chairman of the Governance and Nominating Committee	\$960
Chairman of the Quality, Health, Safety and Environmental Committee	\$960
Chairman of the Mergers and Acquisitions Committee	\$960

The directors receive a further \$960 per meeting of the Board and audit committee and for meetings of other committees that are not otherwise part of a board meeting.

I. Director Compensation Table

The following table sets forth all compensation provided to directors of the Corporation for the financial year ended December 31, 2019.

Name of Director	Fees Earned (\$)	Share-Based Awards ⁽¹⁾ (\$)	Option-Based Awards ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Simon P.D. Batcup	33,600	nil	nil	nil	nil	nil	33,600
Michael Binnion	49,680	nil	nil	nil	nil	nil	49,680
Daniel J. Bordessa	40,560	nil	nil	nil	nil	nil	40,560
Joe Oliver	37,920	nil	nil	nil	nil	nil	37,920
Ember W.M. Shmitt	32,640	nil	nil	nil	nil	nil	32,640
Douglas J. Strong	31,304	nil	nil	nil	nil	nil	31,304
Steven R. Vasey ⁽³⁾	42,994	30,022	nil	nil	nil	nil	73,016
	268,698	30,022	-	-	-	-	298,720

Notes:

- (1) **"Share-Based Award"** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) **"Option-Based Award"** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The Corporation did not make any option-based awards to a director during 2019.
- (3) Mr. Vasey resigned as a director on May 9, 2019.

II. Incentive Based Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each independent director of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name of Director	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ⁽³⁾ (\$)
Simon P.D. Batcup	25,000 25,000	3.46 3.64	Jan 3, 2021 Mar 16, 2020	nil	nil	nil	19,429
Michael Binnion	25,000 25,000	3.46 3.64	Jan 3, 2021 Mar 16, 2020	nil	nil	nil	276,290
Daniel J. Bordessa	nil	n/a	n/a	nil	nil	nil	19,429
Joe Oliver	25,000	3.67	Sep 7, 2021	nil	nil	nil	19,429
Ember W.M. Shmitt	nil	n/a	n/a	nil	nil	nil	19,429
Douglas J. Strong	nil	n/a	n/a	nil	nil	nil	nil

Notes:

- (1) Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2019 (the last day the Common Shares traded in the most recently completed financial year), being \$2.31 per Common Share, and the exercise price of the options.
- (3) The total value of DSUs that had vested as at December 31, 2019 based on \$2.31, the closing price of the Common shares of the Corporation on the TSX, on December 31, 2019.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for independent directors of the Corporation.

Name of Director	Option-Based Awards - Value vested during the year ⁽¹⁾ (\$)	Share-Based Awards - Value vested during the year ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Simon P.D. Batcup	nil	nil	nil
Michael R. Binnion	nil	nil	nil
Daniel J. Bordessa	nil	nil	nil
Joe Oliver	nil	nil	nil
Ember W.M. Shmitt	nil	nil	nil
Douglas J. Strong	nil	nil	nil
Steven R. Vasey ⁽³⁾	nil	nil	nil

Notes:

- (1) No Option-Based Awards were granted to or vested for directors during the year.
(2) No Share-Based Awards were granted to or vested for directors during the year.
(3) Mr. Vasey resigned as a director on May 9, 2019.

The significant terms of the Option Plan and the DSU Plan are disclosed in this Circular under “*Long-term Equity Incentive Plans.*”

III. Other Compensation

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

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at December 31, 2019 (the Corporation’s most recently completed financial year).

Plan Category	Number of securities to be issued upon exercise or release of outstanding options and awards	Weighted average exercise price of outstanding options and awards	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column 1) ⁽¹⁾
Equity compensation plans approved by security holders	955,000 Common Shares under the Option Plan (1.92% of the issued and outstanding shares)	\$3.77 per Common Share	1,601,501 Common Shares (3.23% of the issued and outstanding shares)
	375,557 Common Shares under the PSU Plan (0.76% of the issued and outstanding shares)	N/A	1,030,285 Common Shares (2.08% of the issued and outstanding shares)
	161,729 Common Shares under the DSU Plan (0.32% of the issued and outstanding shares)	N/A	838,271 Common Shares (1.69% of the issued and outstanding shares)
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	1,492,286 Common Shares (3.00% of the issued and outstanding shares)	\$3.77 per Common Share	3,470,057 Common Shares (7.00% of the issued and outstanding shares)

Note:

- (1) The total number of securities remaining available for future issuance under equity compensation plans is calculated as 10% of the issued and outstanding Common Shares at December 31, 2019, less the outstanding Options, Incentive Shares, Units and DSUs.

CORPORATE GOVERNANCE DISCLOSURE

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

National Instrument 58-101 - Disclosure of Corporation Governance Practices (“**NI 58-101**”) requires an issuer that solicits proxies from its security holders for the purpose of electing directors to include certain prescribed disclosure respecting corporate governance matters in its information circular. The prescribed corporate governance disclosure is set out below.

Board of Directors

As of December 31, 2019, the Board of Directors was composed of seven (7) members, six of whom are independent directors based upon the Board's assessment of the meaning of independence provided in NI 58-101. The following Board members are independent for the purposes of NI 58-101: Michael Binnion, Simon P.D. Batcup, Daniel J. Bordessa, Douglas J. Strong, the Honourable Joe Oliver, and Ember W.M. Shmitt. As the CEO, J. Cameron Bailey was a non-independent director.

During 2019, the directors held no formal meetings where members of management were not in attendance. The Board ensures open and candid discussion among its directors by continuously monitoring situations where a conflict of interest or perceived conflict of interest with respect to a director may exist. In cases where such a conflict of interest or perceived conflict of interest is identified, it is addressed in accordance with the *Business Corporations Act* (Alberta). The Board may determine that it is appropriate to hold an *in camera* session excluding a director with a conflict of interest or perceived conflict of interest or such director may consider that it is appropriate to recuse himself/herself from considering and voting with respect to the matter under consideration.

Michael Binnion is the current Executive Chairman of the Board. In accordance with the mandate of the Chairman, the Chairman presides at all meetings of the Board of Directors and, unless otherwise determined and at all meetings of shareholders. The Chairman's primary role is managing the affairs of the Board, including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities, including general governance standards. Among other things, the Chairman is to ensure corporate strategy, annual operating plans and performance reports are presented to the Board, ensure the CEO presents management development and succession plans at least annually and implements them and foster a constructive and harmonious relationship between the Board and management.

The following table sets forth: (i) the name of each reporting issuer, other than the Corporation, of which a director of the Corporation is also a director; and (ii) the attendance record for each director for all meetings of the Board of Directors for 2019.

Name of Director	Other Reporting Issuers	Attendance Record at the Corporation's 2019 Board Meetings
J. Cameron Bailey	None	6 of 6 meetings
Simon P. D. Batcup	None	6 of 6 meetings
Michael R. Binnion	Questerre Energy Corporation Huntington Exploration Inc.	5 of 6 meetings
Daniel J. Bordessa	None	6 of 6 meetings
Joe Oliver	Firm Capital Mortgage Investment Corporation	6 of 6 meetings
Ember Shmitt	None	6 of 6 meetings
Douglas J. Strong	None	6 of 6 meetings
Steven R. Vasey ⁽¹⁾	None	2 of 2 meetings

Note:

(1) Mr. Vasey resigned as a director on May 9, 2019.

Board Mandate

The principal mandate of the Board of Directors is to oversee the management of the business and affairs of the Corporation and monitor the performance of management. Attached as Exhibit I to this Circular is the complete text of the Mandate of the Board of Directors.

Position Descriptions

The Board of Directors have developed a written position description for the Chairman.

The Board of Directors and the Chief Executive Officer have developed a written position description for the Chief Executive Officer. The Board of Directors currently sets the annual objectives of the Corporation, which become the objectives against which the Chief Executive Officer's performance is measured.

The Board of Directors have adopted written terms of reference for each of the Board committees, clearly delineating the roles and responsibilities attributed to each.

Orientation and Continuing Education

The Corporation has a formal orientation and training program in place. New members of the Board of Directors receive an information package and must attend a formal orientation session presented by the officers of the Corporation. All members of the Board of Directors are allowed unrestricted direct access to any of the senior management of the Corporation and their staff.

The Governance and Nominating Committee reviews and provides ongoing guidance to management to ensure that an appropriate orientation and continuing education program for individual members of the Board of Directors, the Board as a whole, and new members of the Board of Directors is established and maintained. The Governance and Nominating Committee is also responsible for monitoring changes to applicable laws, regulations and industry practices in regard to corporate governance and ensures that the Board of Directors are kept informed of relevant aspects thereof.

Code of Business Ethics and Conduct

The Board of Directors has adopted a written code of business conduct (the “**Code**”). The Code reflects the Corporation's commitment to maintain high standards of integrity and accountability in conducting its business while at the same time growing its business and value.

The Code requires directors and officers to disclose any potential conflicts of interest in writing to the Board of Directors for review in accordance with applicable law and in any event, on an annual basis.

The Board of Directors monitors and ensures compliance with the guidelines set out in the Code including compliance in all material respects, with all applicable financial reporting and accounting requirements applicable to the Corporation. Any concerns or complaints in this regard may be reported in accordance with the procedures outlined in the Corporation's Whistleblower Policy. The Whistleblower Policy provides procedures by which representatives may make confidential and anonymous submissions regarding unethical or illegal behaviour, or questionable accounting, internal accounting controls or auditing related matters involving the Corporation and non-compliance with the Code. An independent hotline complete with the ability to report via telephone or online is in place to maintain complete anonymity.

Waivers from the Code will generally only be granted in appropriate circumstances upon full review and consideration of a request from a waiver, on a case-by-case basis. Waivers granted for the benefit of senior officers or directors require approval from the Governance and Nominating Committee, which should ascertain whether a waiver is appropriate and seek to ensure that the waiver is accompanied by appropriate controls designed to protect the Corporation's interests.

Certain of the directors of the Corporation may also be directors and officers of other oil and gas companies and oilfield service companies, and conflicts of interest may arise between their duties. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as applicable under the *Business Corporations Act* (Alberta).

Nomination of Directors

The Board of Directors has formed the Governance and Nominating Committee and recognize that proper and effective corporate governance is a significant concern and a priority for investors and other stakeholders, and, accordingly, the Board of Directors have instituted a number of procedures and policies to improve the overall governance of the Corporation. The current members of the Governance and Nominating Committee are Ember Shmitt (Chair), Douglas Strong and Michael Binnion.

The Governance and Nominating Committee assists the Board of Directors with the nomination of directors of the Corporation. The Governance and Nominating Committee follows written guidelines with respect to identifying, recruiting, appointing, re-appointing and providing ongoing development for members of the Board of Directors. The Governance and Nominating Committee assesses potential candidates in relation to the competencies and skills necessary for the proper functioning of the Board of Directors.

The Governance and Nominating Committee annually assesses the size, structure and composition of the Board of Directors, taking into consideration the current strengths, skills and experience of the Board of Directors, proposed retirements and the requirements and strategic direction of the Corporation. As required, the Governance and Nominating Committee also develops and approves director eligibility criteria and recommends suitable candidates to the Board of Directors for consideration for the appointment to the office of Chairman, as well as members of the Board of Directors.

The Governance and Nominating Committee annually assesses individual director performance and the evaluation of the performance of the Board of Directors as a whole, including their processes and effectiveness and what competencies and skills each existing director possesses.

The Governance and Nominating Committee has the following responsibilities:

- (a) monitor the appropriateness of the Corporation's governance systems with regard to external governance standards, "best practices" guidelines and with an emphasis on "ongoing improvements";
- (b) review the makeup and needs of the Board of Directors and develop criteria for adding new directors to the Board of Directors; and
- (c) evaluate and assess the effectiveness of the Board of Directors, its committees in meeting governance objectives and each individual's own contributions.

Compensation

The Remuneration Committee is charged with reviewing and making recommendations to the Board in respect of the compensation matters relating to the Corporation's executive officers, employees and directors. As a part of this process, compensation levels are set by reviewing compensation paid for directors and officers of companies of similar size and stage of development. For more information regarding the Remuneration Committee including a complete description of the Remuneration Committee's primary duties and responsibilities see the "*Executive Compensation – The Remuneration Committee*" section of this Circular.

Other Board Committees

The Corporation has established an Audit Committee (as described in the Corporation's Annual Information Form dated March 12, 2020 for the year ended December 31, 2019 filed on SEDAR at www.sedar.com), a Remuneration Committee (discussed previously), a Governance and Nominating Committee (discussed previously), and a Quality, Health, Safety and Environmental Committee to assist the Corporation and its subsidiaries in effectively carrying out its responsibilities. The Corporation also established a Mergers and Acquisitions ("**M&A**") Committee in 2019 and an Executive Committee in 2020.

Quality, Health, Safety and Environmental Committee

The Quality, Health, Safety and Environmental Committee is responsible for monitoring and making recommendations with respect to the quality, health, safety and environmental policies, practices and procedures of the Corporation and its subsidiaries.

M&A Committee

The M&A Committee was formed for the specific purpose of monitoring and advising the Board and management on investment opportunities consistent with the Corporation's strategy. Board members with finance, capital markets and operational knowledge were appointed to the committee. The committee reviews and oversees significant investing matters being considered by management such as asset purchases and business acquisitions including financing considering the Corporation's capital structure and allocation strategy.

Executive Committee

The Executive Committee is responsible for monitoring and advising on management's plans to mitigate risk associated recent global developments. Consistent with the Corporation's strategy to preserve a strong financial position, the Executive Committee will oversee and review measures to sustain safe, quality-based customer service, financial liquidity and stakeholder communication.

Assessments

Ensuring the effectiveness of the Board of Directors, its committees and individual directors is assigned to the Governance and Nominating Committee. The Governance and Nominating Committee annually reviews the mandate of the Board of Directors and the fulfilment of such mandate.

Director Term Limits and Other Mechanisms of Board Renewal

The Board believes that issues relating to board effectiveness, board renewal and board succession planning are best addressed by a strong chair, a thoughtful governance committee and independent-thinking board members. The Board is responsible for recommending to shareholders from time to time candidates for election to the Board that together contribute the right mix of skills and expertise to the Board. To assist in making those recommendations, the Board periodically conducts both formal and informal reviews of the effectiveness of the Board and individual Board members.

The Board is concerned that imposing arbitrary and inflexible director term limits may result in High Arctic losing valued directors at a time when High Arctic most needs their skills, qualities and contributions, as well as their knowledge of the history and culture of the organization. Mandatory retirement ages pose the same risk and the Board does not want to risk the loss of key directors to retirement policies that seem unnecessarily arbitrary and inflexible when they force a high performing director off the Board. As a result the Board does not feel that it would be appropriate to set term limits for its directors but rather relies on the experience of its members to determine when Board renewals, Board removals and Board additions are appropriate.

Policies Regarding the Representation of Women on the Board

The Board supports the objectives of increasing diversity on boards of directors and at the executive levels of issuers and recognizes that diversity provides a depth and breadth of viewpoints and perspectives. However, the Board has not adopted a written policy relating to the identification and nomination of female directors nor does it have targets regarding the number of women on the Board.

The Board and the Governance and Nominating Committee believes that director nominations should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board at the time. The Corporation is committed to a meritocracy and believes that considering the broadest group of individuals with the skills, knowledge, experience and character required to provide the leadership needed to achieve its business objectives is in the best interests of the Corporation and its stakeholders, without reference to their age, gender, race, ethnicity or religion. Accordingly, a formal written policy has not been adopted as the Board and the Governance and Nominating Committee are committed to a merit and qualifications-based method of selecting directors and believes that imposing quotas or targets would compromise its principle-based candidate selection system.

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

The Governance and Nominating Committee and the Board go through a rigorous process when considering a nominee director including an evaluation of the skills and experience of the current directors, determining the gaps in skills and experience that exist and finding potential candidates to fill those gaps and round out the skills and experience of the Board of Directors as a whole. While gender has factored into recent director searches, the final recommendation for nomination has been based on the best combination of skills and experience for the position without placing a specific emphasis on gender as a factor.

Consideration given to the Representation of Women in Executive Officer Appointments

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

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

The Board does not have specific targets in respect of appointing women to executive officer appointments, as a result of its commitment to a principle-based selection process, as discussed above.

Number of Women on the Board and in Executive Officer Positions

Presently, there is one woman (14%) serving on the Board and no women in executive officer positions (nil%).

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

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

NORMAL COURSE ISSUER BIDS

In November 2018, the Corporation received approval from the TSX to acquire for cancellation up to 2,700,386 of the Corporation's issued and outstanding common shares under a Normal Course Issuer Bid ("**2018 NCIB**"). The 2018 NCIB commenced on November 19, 2018 and was valid for one year. A total of 1,643,335 common shares were purchased and cancelled at a total cost of \$6.0 million pursuant to the 2018 NCIB.

In November 2019, the Corporation received approval from the TSX to acquire for cancellation up to 2,552,229 of the Corporation's issued and outstanding common shares under a Normal Course Issuer Bid ("**2019 NCIB**"). The 2019 NCIB commenced on December 2, 2019 and is valid for one year. As of April 8, 2020, no common shares had been purchased and/or cancelled pursuant to the 2019 NCIB.

AUDIT COMMITTEE INFORMATION

Certain other information regarding the Corporation's Audit Committee that is required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* is contained in the Corporation's annual information form for the year ended December 31, 2019, which is available under the Corporation's SEDAR profile at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information of the Corporation's most recently completed financial year is provided in the Corporation's audited consolidated financial statements and management discussion and analysis available on SEDAR and at www.haes.ca. Shareholders may contact the Corporation at 500, 700 – 2nd Street S.W., Calgary, Alberta, T2P 2W1, Attn: Chief Financial Officer (587) 318-2218 to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

BOARD APPROVAL

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

DATED this 8th day of April, 2020.

EXHIBIT I

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the “**Board**”) of High Arctic Energy Services Inc. is responsible under corporate law to supervise the management of the business and affairs of the Corporation and its subsidiaries (collectively, “**High Arctic**”). The Board has the statutory authority and obligation to protect and enhance the assets of High Arctic.

The principal mandate of the Board is to oversee the management of the business and affairs of High Arctic and monitor the performance of management.

In keeping with generally accepted corporate governance practices and the recommendations of the Dey Committee Report to the Toronto Stock Exchange in respect of “Guidelines for Improved Corporate Governance in Canada”, recommendations contained in National Policy 58-201 and recommendations and guidelines from the SEC and in connection with *the Sarbanes Oxley Act*, the Board assumes responsibility for the stewardship of High Arctic and, as part of the overall stewardship responsibility, explicitly assumes responsibility for the following:

1. Independence

The Board retains the responsibility for managing its own affairs including planning its composition, selecting its Chairman, appointing Board committees and determining directors’ compensation. While it is appropriate to confer with the management on the selection of candidates to be nominated as members of the Board, the ultimate selection shall be determined by the existing independent members of the Board.

In that, the Board must develop and voice objective judgment on corporate affairs, independently of the management, practices promoting Board independence will be pursued. This includes constituting the Board with a majority of independent and unrelated directors. Certain tasks suited to independent judgments will be delegated to specialized committees of the Board that are comprised exclusively of independent directors and at least a majority of unrelated directors.

The Board will evaluate its own performance in a continuing effort to improve. For this purpose, the Board will establish criteria for Board and Board member performance and pursue a self-evaluation process for evaluating both overall Board performance and contributions of individual directors.

2. Leadership in Corporate Strategy

The Board ultimately has the responsibility to oversee the development and approval of the mission of High Arctic, its goals and objectives, and the strategy by which these objectives will be reached. In guiding the strategic choices of High Arctic, the Board must understand the inherent prospects and risks of such strategic choices.

While the leadership for the strategic planning process comes from the management of High Arctic, the Board shall bring objectivity and a breadth of judgment to the strategic planning process and will ultimately approve the strategy developed by management as it evolves

The Board is responsible for monitoring management’s success in implementing the strategy and monitoring High Arctic’s progress to achieving its goals; revising and altering direction in light of changing circumstances.

The Board has the responsibility to ensure congruence between the strategic plan and management’s performance.

3. Management of Risk

The Board shall understand the principal risks of all aspects of the business in which High Arctic is engaged, recognizing that business decisions require the incurrence of risk. The Board is responsible for providing a balance between risks incurred and the potential returns to shareholders of the Corporation. This requires that the Board ensure that systems are in place to effectively monitor and manage risks with a view to the long-term viability of High Arctic and its assets, and conduct an annual review of the associated risks.

4. Oversight of Management

As the Board functions, the Board must ensure the execution of plans and operations are of the highest calibre. The key to the effective discharge of this responsibility is the approval of the appointment of the senior officers of the Corporation and the assessment of each senior officer's contribution to the achievement of the Corporation's strategy. In this respect, performance against objectives established by the Board is important, as is a formal process for determining the senior officers' compensation, in part, by using established criteria and objectives for measuring performance.

5. Shareholder Communications and Disclosure

The Board is responsible to ensure that the Corporation has policies in place to ensure effective and timely communication and disclosure to the shareholders of the Corporation, other stakeholders and the public in general. This communication and disclosure policy must effectively and fairly present the operations of High Arctic to shareholders and should accommodate feedback from shareholders, which should be considered into future business decisions.

The Board has the responsibility for ensuring that the financial performance of High Arctic is reported to shareholders on a timely and regular basis and for ensuring that such financing results are reported fairly, in accordance with generally accepted accounting principles.

The Board has the responsibility for ensuring that procedures are in place to effect the timely reporting of any developments that have a significant and material impact on the value of shareholder assets.

The Board has the responsibility for reporting annually to shareholders on its stewardship for the preceding year.

6. Integrity of Corporate Control and Management Information Systems

To effectively discharge its duties, the Board shall ensure that High Arctic has in place effective control and information systems so that it can track those criteria needed to monitor the implementation of the High Arctic's strategy.

Similarly, in reviewing and approving financial information, the Board shall ensure that High Arctic has an audit system, which can inform the Board of the integrity of the data and compliance of the financial information with generally accepted accounting principles.

The Board's management of the important areas of corporate conduct, such as the commitment of High Arctic's assets to different businesses or material acquisitions, shall also be supported by effective control and information systems.

7. Expectations of Board Members

(a) Commitment and Attendance

All members of the Board should make every effort to attend all meetings of the Board and meetings of committees of which they are members. Although attendance in person is encouraged, members may attend by telephone to mitigate schedule conflicts.

(b) Participation in Meetings

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

(c) Financial Knowledge

One of the most important roles of the Board is to monitor financial performance. Each member of the Board must know how to read financial statements, and should understand the use of financial ratios and other indices for evaluating financial performance.

(d) Other Directorships

The Corporation values the experiences Board members bring from other boards on which they serve, but recognizes that those boards may also present demands on a member's time and availability, and may also present conflicts of interest or other legal issues. Members of the Board should advise the Chair of the Governance and Nominating Committee before accepting any new membership on other boards of directors or any other significant commitment involving an affiliation with other related businesses or governmental units.

(e) Contact with Management

All members of the Board are invited to contact the Chief Executive Officer ("**CEO**") at any time to discuss any aspect of the Corporation's business. While respecting organizational relationships and lines of communication, members of the Board have complete access to other members of management. There shall be afforded frequent opportunities for members of the Board to meet with the CEO, Chief Financial Officer and other members of management in Board and committee meetings and in other formal or informal settings.

(f) Confidentiality

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

(g) Preparation for Meetings

All members of the Board should make every effort to review all meeting materials prior to meetings of the Board and meetings of committees of which they are members.

8. Legal Requirements

The Board is responsible for ensuring that routine legal requirements, documents, and records have been properly prepared, approved and maintained by High Arctic.

9. Board Delegation to Committees

The Board can delegate specific responsibilities to committees of the Board in order to effectively manage the affairs of High Arctic.

10. Limitation

The foregoing is 1. subject to and without limitation of the requirement that in exercising their powers and discharging their duties the members of the Board act honestly and in good faith with a view to the best interests of the Corporation; and 2. subject to and not in expansion of the requirement that in exercising their powers and discharging their duties the members of the Board exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.