



# 2016

AKITA Drilling Ltd.

Management Information Circular

Notice of Annual and Special Meeting  
of Shareholders  
May 9, 2017





Dear Shareowner:

We are pleased to invite you to attend the annual and special meeting (the "Meeting") of shareholders of AKITA Drilling Ltd. to be held in the Bonavista Room, Westin Hotel, 320 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta, at 10:00 a.m. on Tuesday, May 9, 2017.

Your Meeting materials are enclosed. If you are an owner of Class B Common Shares and are unable to attend the Meeting, please complete and sign the proxy and return it in the envelope provided for that purpose. Alternatively, registered Class B Common shareholders may submit a form of proxy online or by fax or telephone. We would also encourage all owners of Class A Non-Voting Shares to attend the Meeting.

We hope you will join us after the Meeting for some light refreshments.

Sincerely,

*[Signed by L.A. Southern-Heathcott]*

L. A. Southern-Heathcott

Chair of the Board

*[Signed by K.A. Ruud]*

K. A. Ruud

President and Chief  
Executive Officer

Calgary, Alberta  
March 3, 2017



## NOTICE OF ANNUAL and SPECIAL MEETING OF SHAREHOLDERS

The annual and special meeting (the "Meeting") of the shareholders of AKITA DRILLING LTD. (the "Company") will be held in the **Bonavista Room, Westin Hotel, 320 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta on Tuesday, May 9, 2017 at 10:00 a.m.** for the following purposes:

1. to receive and consider the consolidated financial statements of the Company for the year ended December 31, 2016, as approved by the directors, together with the report of the auditors thereon;
2. to elect directors for the ensuing year or until their successors are elected or appointed;
3. to appoint the auditor for the ensuing year;
4. to approve, subject to receiving all required approvals from the Toronto Stock Exchange ("TSX"), amendments to the stock option plan of the Corporation to increase the maximum number of Class A Non-Voting Shares which may be allocated for issuance under the amended stock option plan from 1,700,000 Class A Non-Voting Shares to 3,200,000 Class A Non-Voting Shares; and
5. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

All holders of Class A Non-Voting Shares and Class B Common Shares are invited to attend. Only holders of Class B Common Shares are entitled to vote at the Meeting or to appoint proxyholders.

Holders of Class B Common Shares who are unable to attend the Meeting may vote by proxy. A form of proxy should be completed and returned in the prepaid envelope to be received by AKITA Drilling Ltd., c/o CST Trust Company, not later than 5:00 p.m. Eastern Daylight Time on Friday, May 5, 2017.

Alternatively, registered shareholders may submit a form of proxy by fax or telephone. Instructions are set out on the reverse of the form of proxy and are contained in the information circular.

By order of the Board of Directors.

*[Signed by C. A. Dease]*

Colin A. Dease  
Corporate Secretary

Calgary, Alberta  
March 3, 2017



## MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular is provided in connection with the solicitation by AKITA management of proxies to be used at the annual and special meeting of shareholders (the “Meeting”) for the items described in the accompanying notice. AKITA bears the cost of solicitation by management.

All information in this Management Information Circular is as of March 3, 2017, unless otherwise indicated.

In this document, *you* and *your* refer to AKITA Drilling Ltd. shareholders. In this document, *Company* and *AKITA* refer to AKITA Drilling Ltd. and its subsidiaries, where applicable.

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# THE ANNUAL GENERAL MEETING

## Who can vote

AKITA has Class A Non-Voting Shares and Class B Common Shares. The Class B Common Shares are the only shares entitled to be voted at the Meeting. Each Class B Common Share you own as of the close of business on March 20, 2017, entitles you to one vote. The holders of the Class A Non-Voting Shares are invited to attend and participate in discussions at shareholder meetings, but are not entitled to vote.

## Share ownership rights

Each Class B Common Share may be converted into one Class A Non-Voting Share at the holder's option.

The holders of Class A Non-Voting Shares have no right to participate if a takeover bid is made for Class B Common Shares unless:

- an offer to purchase Class B Common Shares is made to all or substantially all holders of Class B Common Shares;
- at the same time an offer to purchase Class A Non-Voting Shares on the same terms and conditions is not made to the holders of Class A Non-Voting Shares; and
- holders of more than 50% of the Class B Common Shares do not reject the offer in accordance with the terms of AKITA's articles of incorporation.

If these three pre-conditions are met, then the holders of Class A Non-Voting Shares will be entitled to exchange each Class A Non-Voting Share for one Class B Common Share for the purpose of depositing the resulting Class B Common Shares pursuant to the terms of the takeover bid.

The Class A Non-Voting Shares and Class B Common Shares rank equally in all other respects.

## Principal Shareholder

As at March 3, 2017, there were 1,653,784 Class B Common Shares outstanding. To the knowledge of the directors and officers of the Company, the only person who beneficially owns, or controls or directs, directly or indirectly, 10% or more of the Class B Common Shares is the Margaret E. Southern Spousal Trust (the "Spousal Trust"). Ms. Nancy Southern, Ms. Linda Southern-Heathcott and Mrs. Margaret E. Southern are trustees of the Spousal Trust. All actions regarding the Class B Common Shares owned by the Spousal Trust require the approval of a majority of the trustees.

The Spousal Trust owns 32,019 Class A Non-Voting Shares and 2,000 Class B Common Shares. The Spousal Trust is also the controlling share owner of Sentgraf Enterprises Ltd. ("Sentgraf"), which owns 4,474,258 Class A Non-Voting Shares of the Company and 1,426,790 Class B Common Shares. Collectively, the Spousal Trust and Sentgraf shareholdings represented 33.0% of the total outstanding equity ownership in the Company, including 86.4% of the Class B Common Shares as at March 3, 2017.

## Questions and answers on proxy voting

### Am I entitled to vote?

You are entitled to vote if you were a holder of Class B Common Shares at the close of business on March 20, 2017. Each Class B Common Share entitles its holder to one vote.

### What will I be voting on?

You are voting on the following matters that are to be addressed at the Meeting:

- the election of each of nine directors to AKITA's Board of Directors; and
- the appointment of the auditor; and
- the approval of amendments to the stock option plan of the Corporation.

### How will these matters be decided at the Meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of these matters.

### If I give my proxy, how will my shares be voted?

The shares represented by your proxy will be voted as you have instructed. If you properly complete and return your form of proxy but do not specify how you wish the votes cast, your shares will be voted as your proxyholder sees fit.

If neither you nor your proxyholder gives specific instructions, your shares will be voted as follows:

- **FOR the election as directors of each of those nominees set out in the Management Information Circular;**
- **FOR the appointment of PricewaterhouseCoopers LLP as AKITA's auditor; and**
- **FOR the approval of amendments to the stock option plan of the Corporation.**

### What if amendments are made to these matters or if other matters are brought before the Meeting?

The persons named in the form of proxy will have discretionary authority to vote on amendments or variations to matters identified in the notice of the Meeting, and on other matters which may properly come before the Meeting. If any matters which are not known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.

As of the date of this Management Information Circular, management is not aware of any amendments or other matters expected to come before the Meeting.

### How do I contact the transfer agent?

Questions may be directed to our transfer agent, CST Trust Company, at [www.canstockta.com](http://www.canstockta.com) or [inquiries@canstockta.com](mailto:inquiries@canstockta.com), by fax at 1 (888) 249-6189, or by telephone:

Within Canada and the U.S.:

1 (800) 387-0825

In the Toronto area, or from any other country:

(416) 682-3860

## How do I vote if I am a registered shareholder?

### 1. Voting by proxy

You are a registered shareholder if your name appears on your share certificate. If this is the case, you have the right to appoint someone else to represent you as proxyholder and vote your shares at the Meeting. If you wish to appoint a person or company other than those named in the enclosed form of proxy, then strike out the printed names appearing on the form of proxy and insert the name of your chosen proxyholder in the space provided. Your proxyholder need not be an AKITA shareholder. Complete your voting instructions, date and sign the form, and return it to CST Trust Company as instructed.

It is important for you to ensure that any other person you appoint as your proxyholder will attend the Meeting and is aware that his or her appointment has been made to vote your shares. If your appointed proxyholder does not attend the Meeting in person, your shares will not be voted. Proxyholders should, on arrival at the Meeting, present themselves to a representative of CST Trust Company.

### 2. What if my shares are registered in more than one name?

If the shares are registered in more than one name, all those persons in whose name the shares are registered must sign the form of proxy.

### 3. How do I vote shares registered in the name of a corporation or in a name other than my own?

If the shares are registered in the name of a corporation or any name other than your own, you should provide documentation that proves you are authorized to sign the form of proxy on behalf of that company or name. If you have any questions as to what supporting documentation is required, contact CST Trust Company prior to submitting your form of proxy. These shares cannot be voted by telephone or via the internet.

### 4. What if I plan to attend the Meeting and vote in person?

If you plan to attend the Meeting on May 9, 2017, and vote your shares in person at the Meeting, you do not need to complete and return the form of proxy. Please register with the transfer agent, CST Trust Company, upon arrival at the Meeting. Your vote will be recorded and counted at the Meeting.

### 5. Can I vote by telephone?

Yes, provided your shares are not registered in the name of a corporation or any name other than your own. You can vote by telephone using the toll free number 1 (888) 489-5760 and following the voice prompts. You will need to enter the 13 digit Control Number located in the lower left-hand corner on the reverse of the enclosed form of proxy in order to enter your voting instructions. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 5, 2017. If you vote by telephone, you cannot appoint anyone other than the Chair of the Board as named on your proxy form as your proxyholder.

### 6. Can I vote online?

Yes, provided your shares are not registered in the name of a corporation or any name other than your own. Access [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com) and follow the instructions provided. You will need to enter the 13 digit Control Number located in the lower left-hand corner on the reverse of the enclosed form of proxy in order to enter your voting instructions. All required information must be

entered before 5:00 p.m. Eastern Daylight Time on May 5, 2017. You may appoint anyone as a proxyholder using this internet address.

**7. Can I vote by fax?**

Yes. Fax **both sides** of your properly completed form of proxy to CST Trust Company at 1 (866) 781-3111 (from within Canada and the U.S.) or (416) 368-2502 (from outside North America). All required information must be received before 5:00 p.m. Eastern Daylight Time on May 5, 2017.

**8. Can I vote by e-mail?**

Yes. Scan and e-mail **both sides** of your properly completed form of proxy to CST Trust Company at **proxy@canstockta.com**. All required information must be received before 5:00 p.m. Eastern Daylight Time on May 5, 2017.

**9. Who votes my shares if I sign a form of proxy?**

By signing the enclosed form of proxy you are authorizing Karl A. Ruud, President and Chief Executive Officer, or Colin A. Dease, Corporate Secretary, to vote your shares at the Meeting.

**10. Where do I send my completed form of proxy?**

Please return your properly completed form of proxy to our transfer agent in the postage paid envelope provided or mail it to CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1. To ensure your vote is recorded, your completed form of proxy must reach the transfer agent no later than 5:00 p.m. Eastern Daylight Time on May 5, 2017.

**11. Can I change my mind once I have submitted my vote to the Company?**

Yes, you can complete another form of proxy in the manner and time specified on the form of proxy. The later-dated form of proxy will replace the one submitted earlier. You can also revoke your proxy by preparing a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing. If the shareholder is a corporation it must be signed by a duly authorized officer or attorney of the corporation. This statement should be delivered to:

- AKITA's Corporate Secretary at either CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1 or the registered office of the Company at 1000, 333 - 7th Avenue S.W., Calgary, Alberta T2P 2Z1 at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting; or
- the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment of the Meeting.

**How do I vote if my shares are not registered in my name?**

If you are a **non-registered shareholder**, your shares are held in the name of a nominee (usually a bank, broker, or trust company). You should have received a request for voting instructions from your nominee with this Management Information Circular.

If you wish to vote in person at the Meeting, insert your own name in the space provided on the voting instruction form and return it by following the instructions provided. Please register with AKITA's transfer agent, CST Trust Company, upon arrival at the Meeting.

If you do not intend to attend the Meeting in person, follow the instructions on your voting instruction form to vote by telephone, internet or fax, or complete, sign and mail the voting instruction form in the postage prepaid envelope provided.

### **What if I want to change my vote?**

If you are a non-registered shareholder, you should contact your nominee for instructions on how to revoke your voting instructions.

## **Business of the Meeting**

### **Financial statements**

AKITA's consolidated financial statements for the year ended December 31, 2016, together with the auditor's report have been filed with the Canadian securities regulatory authorities and have been sent to the registered shareholders and to those beneficial shareholders who requested them. The statements are also available on the Company's website at [www.akita-drilling.com](http://www.akita-drilling.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The consolidated financial statements will be reviewed at the Meeting and you will have the opportunity to discuss the results with management.

### **Election of directors**

At the Meeting, it is proposed that nine directors be elected until the next annual meeting or until their successors are elected or appointed. The term of office for each director will expire at the close of the next annual meeting of shareholders of the Company. Management does not contemplate that any of such persons will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, proxies will not be voted with respect to such vacancy. The nine nominees proposed for election as directors of AKITA are listed beginning on page 12. All of the proposed nominees are currently AKITA Directors.

**The Board recommends that shareholders vote FOR the election of each of these nine nominees. If you do not specify on the proxy form how you want to vote your shares and you do not appoint a proxyholder, the persons named in the form will vote FOR the election of these nominees.**

### **Position on majority voting**

The Toronto Stock Exchange Company manual generally requires TSX listed issuers to adopt a majority voting policy for uncontested director elections. A majority voting policy typically requires that any nominee for director of an issuer who receives a greater number of votes "withheld" than "for" their election, must tender their resignation for consideration by the board.

AKITA is a majority controlled company as defined in the TSX Company Manual, with the Spousal Trust in combination with its controlling interest in Sentgraf controlling 86.4% of the outstanding Class B Common Shares. As a majority controlled company, AKITA is not subject to the general requirement to adopt a majority voting policy for uncontested director elections, and the Company has not adopted a policy. In the case of a majority controlled company, AKITA is of the view that a majority voting policy would not be effective, as the controlling shareholder can still effect the election of directors with its votes and the implementation of such a policy would not result in any meaningful change to the outcome of director elections, and could create confusion or uncertainty for shareholders, as well as introducing unnecessary complexity into the director election process.

At the Meeting, the director nominees will be voted on individually by proxy and in person and the voting results for each nominee will be publicly disclosed in a news release on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Appointment of auditors**

The Board, on the recommendation of the Audit Committee, proposes that PricewaterhouseCoopers LLP ("PwC") be appointed as auditor to hold office until the next annual meeting of shareholders. PwC and its predecessor firm, Price Waterhouse LLP, has been AKITA's auditor since the Company's inception. Representatives of PwC plan to attend the Meeting and will be available to answer your questions.

**The Board recommends that shareholders vote FOR the appointment of PwC as auditor. If you do not specify on the proxy form how you want to vote your shares and you do not appoint a proxyholder, the persons named in the form will vote FOR the appointment of PwC.**

### **Approval of Amended Stock Option Plan**

On March 3, 2017, the Board approved amending the Stock Option Plan of the Company (the "Stock Option Plan") to increase the fixed maximum number of Options granted under the Stock Option Plan, subject to receiving approval of the TSX and the shareholders at the Meeting.

In order to permit the Company the flexibility to continue to award stock options ("Options") to eligible directors, officers, employees and consultants, it is proposed to amend the Stock Option Plan by increasing the number of Class A Non-Voting Shares reserved for issuance under the Stock Option Plan by the amount of 1,500,000 Class A Non-Voting Shares to a total of 3,200,000 Class A Non-Voting Shares. The proposed maximum of 3,200,000 Class A Shares represents approximately 17.8% of the Company's total issued and outstanding share capital as of the date of this management information circular.

The Board continues to believe that the Stock Option Plan aligns the interests of its directors, officers, employees and consultants with those of its shareholders, while assisting the Company in attracting and retaining talented individuals.

At the Meeting, holders of Class B Common Shares will be asked to consider, and if thought appropriate, to pass an ordinary resolution amending the Stock Option Plan (the "Stock Option Plan Resolution"), substantially in the following form:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The amendment to the Stock Option Plan of the Company in order to increase the number of Shares that may be issuable pursuant to Options granted under the Company's Stock Option Plan by the amount of 1,500,000 to a maximum of 3,200,000 Class A Non-Voting Shares as approved by the directors of the Company on March 3, 2017, is hereby approved, ratified and confirmed.
2. The Company is hereby authorized to file the amended Stock Option Plan with the TSX and to make any revision to the text of the amended Stock Option Plan if and as required by the TSX.

3. Any officer or director of the Company is authorized and directed to execute and deliver all such documents and instruments and to do all such acts in the option of such officer or director as may be necessary or desirable to give effect to this resolution.”

To be effective, the Stock Option Plan Resolution requires the approval of a simple majority of the votes cast by shareholders, represented in person or by proxy and entitled to vote at the Meeting together with the approval of the TSX. If the TSX and shareholder approvals are not obtained, the amendment to the Stock Option Plan would be terminated. On March 15, 2017, the TSX conditionally approved the amended Stock Option Plan as described above subject to certain customary deliverables including approval and ratification by the Company’s shareholders at the Meeting.

**The Board of the Company recommends that shareholders vote in favour of the foregoing Stock Option Plan Resolution. In the absence of instruction to the contrary, the accompanying form of proxy will be voted FOR the approval of the Stock Option Plan Resolution at the Meeting unless otherwise directed by the shareholders.**

A copy of the amended Stock Option Plan is attached hereto as Schedule “C”.

Except as described above, there are no other revisions to the amended Stock Option Plan. A summary of the Stock Option Plan is set forth under the heading Executive Compensation Program Elements.

## Director nominees

Nine directors serving as of the date of this Management Information Circular have been nominated for a further one-year term. Upon election, each director will hold office until the next annual meeting of shareholders or until a successor is elected or appointed.

The Chair, together with members of the Board, is responsible for identifying potential candidates for nomination to the Board. The recommendation of potential Board members is undertaken with a view to ensuring overall diversity of experience, backgrounds and skills of Board members. The Corporate Governance, Nomination, Compensation and Succession Committee (“GOCOM”) receives advice from the Board regarding individuals best suited to serve as directors, and maintains its own standing list of appropriate candidates for directorships. GOCOM has reviewed each of the nominees and determined that they have the necessary skills and experience to satisfy the Board composition requirements.

The director biographies on pages 12 to 20 highlight the specific experience and attributes of each nominated director. The biographies include the following information as at March 3, 2017:

- Name;
- Age;
- Residency;
- Independence status;
- Principal occupation or employment;
- Business experience and directorships;
- Areas of skills and experience;
- Positions and offices held;
- Board and Committee meeting attendance;
- Shareholdings; and
- Total compensation.

Additional detailed information on director independence, attendance, equity at risk and compensation is provided in separate tables.

**Loraine M. Charlton, ICD.D**

Calgary, Alberta, Canada

Director since 2006

Age 60

Independent

Ms. Charlton has worked in the Canadian oil and gas industry since 1985. She is currently Vice President and CFO of Lintus Resources Limited, an Alberta based private oil & gas company established in 1972. Ms. Charlton holds a BComm degree in Finance, and in 2007 obtained the ICD.D designation from the Institute of Corporate Directors.

**Skills and experience**

Management	Compensation
Energy	Governance
Finance and economics	

**AKITA Board/Committee memberships in 2016**

	Attendance	Percentage of meetings attended
Board	5 of 5	100%
Audit Committee (Chair)	4 of 4	100%
GOCOM	2 of 2	100%

**Other public company boards and committee memberships**

Company	Since	Position
Canadian Utilities Limited	2006	Director and Member of Audit & Risk and GOCOM Committees
CU Inc.	2008	Director and member of Audit Committee

**Securities held**

Class A Non-Voting Shares	15,424
Class A Non-Voting Options	6,000
Class B Common Shares	-

**Total compensation**

\$62,875



**Linda A. Southern-Heathcott**  
ICD.D

Calgary, Alberta, Canada  
Director since 1993  
Age 54

Not independent

Ms. Southern-Heathcott is not considered independent because she is the Chair of the Board.

Ms. Southern-Heathcott is a founding director of the Company. She has been Chair of the Board since May, 2006 and was Deputy Chair from May, 2004 until April, 2006. Ms. Southern-Heathcott is President & Chief Executive Officer of Spruce Meadows Ltd., an internationally recognized equestrian facility. A former professional equestrian rider, Ms. Southern-Heathcott was a member of the Canadian Equestrian Team for nine years and competed in the 1996 Olympic Summer Games in Atlanta, Georgia. Ms. Southern-Heathcott is also Vice Chair of ATCO Ltd., Canadian Utilities Ltd., CU Inc., and Chair of Sentgraf Enterprises Ltd.. Ms. Southern-Heathcott has obtained her certification from the Directors Education Program at the Institute of Corporate Directors.

<b>Skills and experience</b>		
Management		Compensation
Energy		Governance
<b>AKITA Board/Committee memberships in 2016</b>		
	<b>Attendance</b>	<b>Percentage of meetings attended</b>
Board (Chair)	5 of 5	100%
Pension Committee	4 of 4	100%
<b>Other public company boards and committee memberships</b>		
<b>Company</b>	<b>Since</b>	<b>Position</b>
ATCO Ltd.	2012	Director
Canadian Utilities Limited	2000	Director and Member of Pension Committee
<b>Securities held</b>		
Class A Non-Voting Shares	23,699*	
Class A Non-Voting Options	205,000	
Class B Common Shares	50*	
<b>Total compensation</b>		
\$97,750		

\* Ms. Southern-Heathcott is one of three trustees of the Spousal Trust. See "Principal Shareholder" on page 5.



**Harish K. Mohan**

Calgary, Alberta, Canada

Director since 2011

Age 64

Independent

Mr. Mohan joined the Board in 2011. He has 12 years of experience in the oil and gas drilling industry in Canada, the United States and overseas. He was employed by the ATCO Group of Companies for 33 years in various senior manager capacities including his most recent role as Senior Vice President, Finance and Group Controller for ATCO Structures & Logistics Ltd. from 2008 until 2011. Mr. Mohan is a member of the Chartered Professional Accountants of Alberta.

**Skills and experience**

Management	Finance and economics
Energy	

**AKITA Board/Committee memberships in 2016**

	Attendance	Percentage of meetings attended
Board	5 of 5	100%
Audit Committee	4 of 4	100%
Pension Committee (Chair)	4 of 4	100%
GOCOM	1 of 2	50%*

**Other public company boards and committee memberships**

Company	Since	Position
None	-	-

**Securities held**

Class A Non-Voting Shares	11,330
Class A Non-Voting Options	-
Class B Common Shares	100

**Total compensation**

\$50,500
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\* Mr. Mohan was appointed to the GOCOM Committee on May 10, 2016, after the retirement of Mr. Eastly.



**Dale R. Richardson**  
 Calgary, Alberta, Canada  
 Director since 1993  
 Age 73  
 Not independent

Mrs. Richardson is not considered independent because she is an executive officer of Sentgraf Enterprises Ltd., which is the controlling shareholder of the Company.

Mrs. Richardson is a founding director of the Company. She has held various positions in the accounting departments of companies within the ATCO Group of Companies for 15 years. She was also responsible for developing the accounting and reporting systems for Spruce Meadows as well as for Sentgraf Enterprises Ltd. Mrs. Richardson has been a director and officer of Sentgraf for over 20 years.

<b>Skills and experience</b>		
Management		Compensation
Energy		Governance
Finance and economics		
<b>AKITA Board/Committee memberships in 2016</b>		
	Attendance	Percentage of meetings attended
Board	5 of 5	100%
Audit Committee	4 of 4	100%
GOCOM	2 of 2	100%
<b>Other public company boards and committee memberships</b>		
Company	Since	Position
None	-	-
<b>Securities held</b>		
Class A Non-Voting Shares	34,615	
Class A Non-Voting Options	-	
Class B Common Shares	7,800	
<b>Total compensation</b>		
		\$44,875



**Karl A. Ruud**  
 Calgary, Alberta, Canada  
 Director since 2010  
 Age 63  
 Not independent

Mr. Ruud is not considered independent because he is AKITA's President and Chief Executive Officer.

Mr. Ruud has been with the Company since its inception and has been President and Chief Executive Officer since July, 2009. Previously, he was Executive Vice President and Chief Operating Officer (from May, 2002 to June, 2009), Chief Operating Officer (from March, 2001 to April, 2002) and Vice President of Operations (from January, 1993 to February, 2001). Mr. Ruud has extensive drilling experience in Canada and internationally, and has a broad range of experience in all aspects of the Company's business. Mr. Ruud obtained a B.Comm degree from the University of Alberta.

<b>Skills and experience</b>		
Management		Energy
<b>AKITA Board/Committee memberships in 2016</b>		
	<b>Attendance</b>	<b>Percentage of meetings attended</b>
Board	5 of 5	100%
Pension Committee	4 of 4	100%
<b>Other public company boards and committee memberships</b>		
<b>Company</b>	<b>Since</b>	<b>Position</b>
None	-	-
<b>Securities held</b>		
Class A Non-Voting Shares	42,541	
Class A Non-Voting Options	310,000	
Class B Common Shares	400	

**Total compensation**

Mr. Ruud does not receive any compensation as a director of AKITA because he is the President and Chief Executive Officer of the Company. See page 47 for information on Mr. Ruud's compensation.

**Nancy C. Southern**

Calgary, Alberta, Canada

Director since 1993

Age 60

Not independent

Ms. Southern is not considered independent because she is the Deputy Chair of the Board.

Ms. Southern is a founding director and Deputy Chair of the Company and is also Chairman and President & Chief Executive Officer for ATCO Ltd., Canadian Utilities Limited and CU Inc. Additionally, Ms. Southern is a director of Sentgraf Enterprises Ltd., which is the controlling shareholder of the Company. Ms. Southern is a member of The U.S. Business Council, a member of the American Society of Corporate Executives and a Canadian member of the Trilateral Commission. She is also a member of the Canadian Council of Chief Executives, the Canadian Economic Advisory Committee, the Canadian Markets Action Plan Advisory Council, and a member of the Canadian Advisory Council for Promoting Women on Boards.

<b>Skills and experience</b>		
Management		Finance and economics
Energy		Compensation
Governance		
<b>AKITA Board/Committee memberships in 2016</b>		
	Attendance	Percentage of meetings attended
Board	4 of 5	80%
<b>Other public company boards and committee memberships</b>		
Company	Since	Position
ATCO Ltd.	1989	Director and Chair
Canadian Utilities Limited	1990	Director and Chair
CU Inc. *	1999	Director and Chair
<b>Securities held</b>		
Class A Non-Voting Shares	24,980**	
Class A Non-Voting Options	-	
Class B Common Shares	-**	
<b>Total compensation</b>		
\$37,000		

\* CU Inc. is controlled by Canadian Utilities Limited.

\*\* Ms. Southern is one of three trustees of the Spousal Trust. See "Principal Shareholder" on page 5.



**C. Perry Spitznagel, Q.C.**

Calgary, Alberta, Canada

Director since 1993

Age 60

Not independent

Mr. Spitznagel is not considered independent because he is a partner in a law firm that is the Company's legal counsel and is a director of Sentgraf Enterprises Ltd., which is the controlling shareholder of the Company.

Mr. Spitznagel is a founding director of the Company and is the Vice Chairman and Managing Partner (Calgary) in the law firm Bennett Jones LLP. He has extensive experience in corporate law where he advises on corporate governance matters, mergers and acquisitions, takeover bids, corporate financings, divestitures and reorganizations. A member of the Law Society of Alberta, Mr. Spitznagel obtained a B.A. (Economics) degree from McGill University and a LL.B. from Osgoode Hall Law School. He is a director of Sentgraf Enterprises Ltd. and is a past member of the Alberta Securities Commission Advisory Committee.

Skills and experience		
Management		Regulatory and legal
Energy		Governance
AKITA Board/Committee memberships in 2016		
	Attendance	Percentage of meetings attended
Board	4 of 5	80%
Other public company boards and committee memberships		
Company	Since	Position
None	-	-
Securities held		
Class A Non-Voting Shares	9,571	
Class A Non-Voting Options	-	
Class B Common Shares	-	
Total compensation		
\$39,250		



**Henry G. Wilmot**

Calgary, Alberta, Canada

Director since 2014

Age 63

Independent

Mr. Wilmot has broad based business experience including 39 years with the ATCO Group of Companies. During that time he held progressively senior positions and was most recently Chief Operating Officer, Energy and Industrials, ATCO Group. Mr. Wilmot also has 12 years of senior management experience in the energy service industry in Canada and Australia.

<b>Skills and experience</b>		
Management		Finance and economics
Energy		Governance
<b>AKITA Board/Committee memberships in 2016</b>		
	Attendance	Percentage of meetings attended
Board	5 of 5	100%
Audit Committee	4 of 4	100%
<b>Other public company boards and committee memberships</b>		
Company	Since	Position
None	-	-
<b>Securities held</b>		
Class A Non-Voting Shares	3,051	
Class A Non-Voting Options	-	
Class B Common Shares	-	
<b>Total compensation</b>		
\$42,615		



**Charles W. Wilson**  
 Evergreen, Colorado, USA  
 Director since 2002  
 Age 77  
 Independent

Mr. Wilson was the President and Chief Executive Officer of Shell Canada from 1993 to 1999, Executive Vice President, U.S. Downstream Oil and Chemical of Shell Oil Company from 1988 to 1993. Before 1988, he was Vice President U.S. Refining and Marketing of Shell Oil Company and held various positions in the domestic and international natural resource operations of Shell. Mr. Wilson holds a B.Sc. in Civil Engineering and a M.Sc. in Engineering.

Skills and experience		
Management		Compensation
Energy		Governance
Finance and economics		
AKITA Board/Committee memberships in 2016		
	Attendance	Percentage of meetings attended
Board	5 of 5	100%
GOCOM (Chair)	2 of 2	100%
Other public company boards and committee memberships		
Company	Since	Position
ATCO Ltd.	2002	Lead Director, Chair of Corporate Governance - Nomination, Compensation and Succession Committee, Member of Audit & Risk Committee
Canadian Utilities Limited	2000	Director and Chair of Corporate Governance - Nomination, Compensation and Succession Committee
Securities held		
Class A Non-Voting Shares	18,814	
Class A Non-Voting Options	-	
Class B Common Shares	-	
Total compensation		
\$44,875		

# GOVERNANCE

The Board views effective corporate governance as an essential element for the ongoing success of AKITA and its shareholders. It strives to ensure that its corporate governance practices provide for effective stewardship of AKITA and evaluates its practices on an ongoing basis.

## Board Structure

### Summary of director skills and experience

GOCOM ensures that the Board includes members with a broad range of experience and expertise so that it is able to effectively carry out its mandate. The matrix below shows the experience and expertise that each director nominee brings to the Board.

Name	Management	Energy	Finance and Economics	Regulatory and Legal	Compensation	Governance
Lorraine M. Charlton	√	√	√		√	√
Linda A. Southern-Heathcott	√	√			√	√
Harish K. Mohan	√	√	√		√	√
Dale R. Richardson	√	√	√		√	√
Karl A. Ruud	√	√			√	
Nancy C. Southern	√	√	√	√	√	√
C. Perry Spitznagel	√	√	√	√	√	√
Henry G. Wilmot	√	√	√		√	√
Charles W. Wilson	√	√	√		√	√

### Director independence

GOCOM and the Board of Directors annually review the status of each director to determine whether they are independent based on the criteria of the Canadian Securities Administrators as set out in National Instrument 52-110 - Audit Committees (“NI 52-110”). In 2016, this review included the completion of self-assessment questionnaires by each of the directors and a detailed review of such questionnaires by the Company.

In determining the independence of the members of the Board, the following criteria are assessed:

- Direct or indirect material relationships with AKITA which could interfere with the exercise of independent judgment;
- Employment by, or other relationship with, AKITA or its external auditor, in which case the member will be deemed not independent until the prescribed period of three years has elapsed since the end of the service;
- Immediate family member relationships with AKITA employees or its external auditor; and
- Any payment of fees by AKITA of more than \$75,000, exclusive of Board fees, during any 12-month period within the last three years to the member or to a member of their immediate family who is an executive officer of the Company.

As deemed necessary, the Board conducts meetings or portions of meetings without the presence of senior management in order to promote candid discussion. Individual directors, Committees and the full Board are entitled to engage outside advisors from time to time as they deem necessary, at the Company's expense, subject to the approval of GOCOM.

The following table summarizes the independence status of each director nominee of the Board and, where applicable, the reasons for the Board's determination that a particular director is not independent.

Director	Independent	Not independent	Reason for non-Independent status
Loraine M. Charlton	√		
Linda A. Southern-Heathcott		√	As Chair of the Board, has a material relationship with the Company.
Harish K. Mohan	√		
Dale R. Richardson		√	As executive officer of Sentgraf Enterprises Ltd., which is the controlling shareholder of the Company, has a material relationship with the Company.
Karl A. Ruud		√	As President & Chief Executive Officer, has a material relationship with the Company.
Nancy C. Southern		√	As Deputy Chair of the Board, has a material relationship with the Company.
C. Perry Spitznagel		√	As a partner in a law firm that is the Company's legal counsel and as a director of Sentgraf Enterprises Ltd., which is the controlling shareholder of the Company, has a material relationship with the Company.
Henry G. Wilmot	√		
Charles W. Wilson	√		

Five of the nine proposed directors are not considered independent directors within the meaning of NI 52-110. Although these individuals are not considered to be independent directors under NI 52-110, these directors, like all directors, are required by law at all times to act in good faith with a view to the best interests of the Company and its shareholders. As is the case with the Company's independent directors, these directors are sensitive to conflicts of interest and excuse themselves from deliberations and voting in the appropriate circumstances. Their extensive knowledge of the Company's business is extremely beneficial to the other directors and to the Company, and their participation as directors is an important element in the overall effectiveness of the Board.

### Chair

The Chair of the Board, Linda A. Southern-Heathcott, is not an independent director under NI 52-110. The Company's business approach, strategies, practices and culture develop and evolve as a result of the leadership demonstrated by its Chair. All meetings of the Board are conducted in a manner which provides all directors, whether they are classified under NI 52-110 as independent or not, with an opportunity to contribute in an open and candid manner.

## **Gender diversity**

AKITA believes that an effective functioning board is critical to the success of the Company, and that the Board must have the flexibility to adopt director election and composition practices that suit its unique needs and circumstances.

AKITA seeks the most qualified persons, regardless of gender or other characteristics unrelated to expertise and performance, when seeking new directors. Accordingly, the Company has not adopted a written policy specifically addressing the identification and nomination of women directors in order to achieve gender diversity. Due to the composition of its nine member Board, which includes four female Board members (44% female Board composition) the Board does not consider it necessary to implement a gender diversity policy. Such policies, while well intended, may create arbitrary and technical impediments to the selection of the most qualified persons. AKITA's approach enables it to make decisions regarding the composition of its Board and senior management team based on what is in the best interests of the Company and its shareholders. Should a gender diversity policy be considered appropriate for the Company in the future due to changes in Board composition, such policy could include objectives for achieving and maintaining such gender diversity. Currently, the Company has not set any formal targets or objectives for achieving gender diversity at either the Board or executive level. At the date of this Management Information Circular, the Company does not have any female senior executives on its six member executive team. However, the Company will consider all relevant factors including the level of representation of women in executive officer positions when making future executive officer appointments.

## **Director term limits**

AKITA attributes high value to relevant industry experience, continuity and a solid track record of service in its directors. AKITA has found that having long-standing directors on its Board does not negatively affect board effectiveness, but instead contributes to boardroom dynamics that have resulted in a consistently high performing board. Accordingly, the Company has not adopted term limits for directors. GOCOM's mandate includes responsibility for board renewal mechanisms such as board and director evaluations as well as identifying potential director candidates, and the Committee spends a considerable amount of time on such matters.

## **Concluding commentary on director independence, gender bias and term limits**

Although the Board considers independence and gender as factors in assessing the qualification of potential candidates, the Board's primary objective is to ensure that the Company's directors are the most qualified candidates available and are selected on the basis of their overall qualifications and ability to contribute to the effective governance of the Company. All of the Company's directors make a valuable contribution to the Board, the Company and its shareholders, and the directors are at all times mindful of the interests of the minority shareholders.

The Board also makes evaluations of its own effectiveness as well as the effectiveness of individual Board members to ensure that it can most effectively achieve its mandate and provide optimal benefit for the Company's shareholders.

## Summary of director attendance

The Board met five times in 2016. The Board generally meets five times a year and additionally during the year as the need arises. The frequency and length of meetings and the nature of agenda items depend upon the circumstances. Meetings are generally lengthy, detailed, well attended and conducted in an atmosphere which encourages participation and independent thinking. The Board conducts annual strategy sessions with senior management where the Board reviews and assesses the performance of the Company, reviews business plans, sets short and long-term objectives for the Company and discusses and implements strategies to meet these objectives.

The following table sets out the attendance of the Board of Directors at Board meetings and at Committee meetings during 2016. The Chair of the Board is also a member of the Pension Committee and additionally attends various meetings of other Committees at her discretion. The President and Chief Executive Officer is a member of the Pension Committee and also attends other Committee meetings as required. Other directors may attend meetings of Committees of which they are not members at the request of the respective Committee Chairman.

Director	Board of Directors		Audit Committee		GOCOM		Pension Committee		Total
Lorraine M. Charlton	5 of 5	100%	4 of 4	100%	2 of 2	100%	-	-	100%
Linda A. Southern-Heathcott	5 of 5	100%	-	-	-	-	4 of 4	100%	100%
Harish K. Mohan	5 of 5	100%	4 of 4	100%	1 of 2	50%*	4 of 4	100%	93%
Dale R. Richardson	5 of 5	100%	4 of 4	100%	2 of 2	100%	-	-	100%
Karl A. Ruud	5 of 5	100%	-	-	-	-	4 of 4	100%	100%
Nancy C. Southern	4 of 5	80%	-	-	-	-	-	-	80%
C. Perry Spitznagel	4 of 5	80%	-	-	-	-	-	-	80%
Henry G. Wilmot	5 of 5	100%	4 of 4	100%	-	-	-	-	100%
Charles W. Wilson	5 of 5	100%	-	-	2 of 2	100%	-	-	100%

\* Mr. Mohan was appointed to GOCOM on May 10, 2016.

All directors are expected to attend meetings of the Board and the Committees on which they serve. Attendance of directors at meetings of the Board and Committees is not strictly indicative of the contribution made by each director and absence from a meeting may have resulted from a variety of extenuating circumstances including family bereavement or health issues. The Company is supportive and understanding of such circumstances. When a director's attendance is deemed to be unsatisfactory however, interviews are conducted by the Chair and a clear understanding of the Company's expectations for attendance is formally communicated to ensure significant improvement and optimal attendance in subsequent reporting periods.

### **Serving on other public company boards**

The Company considers outside directorships as a factor in the evaluation of potential director nominees. The previously reported biographies for each director nominee include details regarding directorships for other reporting issuers. The Chair of the Board and GOCOM recognize the time and diligence that directors devote to their duties and responsibilities and do not feel that directors' board memberships for other reporting issuers impair their commitments or contributions to AKITA's Board.

### **Board and Committee mandates**

The Board has three Committees: the Audit Committee, GOCOM and the Pension Committee. The Board annually appoints Committee members. Mandates for the Board and each Committee are reviewed annually by GOCOM and approved by the Board.

The mandates of the Board and its Committees include working plans that allocate duties, which allow the Board and Committees to plan and monitor the fulfillment of their respective mandates throughout the year. The Board mandate, attached to this Management Information Circular as Schedule A, outlines the roles and responsibilities of the Board. Schedule B provides reports on the activities of each Committee.

### **Position descriptions**

The Board has developed a written position description for the Chair of the Board, as well as for the chair of each Committee. The Board has also developed a written position description for the President and Chief Executive Officer.

## **The Board of Directors and its Committees**

1. The Board is responsible for authorizing and approving the Company's annual business plans, material contracts, strategic transactions, financings and major capital expenditures.
2. The Audit Committee oversees the accounting and financial reporting processes of the Company. Each Committee member is financially literate within the meaning of the term as defined in NI 52-110. Loraine M. Charlton, Harish K. Mohan and Henry G. Wilmot are independent within the meaning of NI 52-110, and although Dale R. Richardson is not considered independent within the meaning of NI 52-110, she is eligible to rely on the controlled company exemption provided in Section 3.3 of NI 52-110.

Information about the Audit Committee required pursuant to NI 52-110 is disclosed on pages 17 to 18 of the Company's Annual Information Form, and a copy of the Audit Committee mandate is attached as Appendix "A" to the Company's Annual Information Form which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

3. GOCOM is responsible for the oversight of the Company's corporate governance. Loraine M. Charlton, Harish K. Mohan, and Charles W. Wilson are considered independent directors within the meaning of National Instrument 58-101 - Disclosure of Corporate Governance Practices ("NI 58-101"). Although Dale R. Richardson is not considered independent within the meaning of NI 58-101, the Board is of the view that her categorization as a non-independent director does not encumber the ability of GOCOM to make decisions that would be comparable to a committee made up entirely of independent directors. In addition to appraising individual and combined

directors' performances, Committee members are responsible for succession planning, assessing compensation and performance of senior executive officers and identifying and recommending potential director candidates to the Board.

Charles W. Wilson has been the Chair of GOCOM since 2006. In addition to his experience serving as the Chair of GOCOM for the Company, Mr. Wilson is the Chair of Corporate Governance - Nomination, Compensation and Succession committees for ATCO Ltd. (member since 2006) and Canadian Utilities Limited (member since 2008) and was formerly the CEO of Shell Canada Limited. Mr. Wilson was also a member of the Big Rock Brewery Income Trust Corporate Governance Committee from 2006 until its conversion into a public company in 2011. In his positions on the governance committees of these companies, Mr. Wilson has gained significant experience to enable him to effectively chair GOCOM. Mr. Wilson has been a director of the Company since 2002 and has significant experience dealing with all matters of the Company's overall business as well as significant experience regarding the capabilities and performance of the members of the Company's executive to add meaningful input to the deliberations of GOCOM, particularly as they relate to compensation. Dale R. Richardson is a founding member of GOCOM and has significant experience dealing with all matters of the Company's overall business as well as significant experience regarding the capabilities and performance of the members of the Company's executive to add meaningful input to the deliberations of GOCOM, particularly as they relate to compensation. Loraine M. Charlton has been a member of GOCOM since 2011 and has been a member of the Board since 2006. In addition, Ms. Charlton has received her certification from the Directors Education Program at the Institute of Corporate Directors. Ms. Charlton is familiar with all matters of the Company's overall business and has sufficient experience regarding the capabilities and performance of the members of the Company's executive to add meaningful input to the deliberations of GOCOM, particularly as they relate to compensation. Harish K. Mohan was appointed to GOCOM on May 10, 2016 and brings a wealth of management experience to the Committee. Mr. Mohan is familiar with all matters of the Company's overall business and through his previous senior management experience he provides meaningful input to GOCOM deliberations.

4. The Pension Committee's principal purpose is to oversee the effective stewardship of the Company's Defined Contribution Pension Plan which is available to all employees of the Company upon meeting eligibility through term of service.

The Board annually appoints Committee members to the Audit Committee, GOCOM, and the Pension Committee. The following table lists the members of each Committee as of March 3, 2017:

Director	Audit	GOCOM	Pension <sup>1</sup>
Loraine M. Charlton	Chair	√	
Linda A. Southern-Heathcott			√
Harish K. Mohan	√	√	Chair
Dale R. Richardson	√	√	
Karl A. Ruud			√
Henry G. Wilmot	√		
Charles W. Wilson		Chair	

<sup>1</sup> The Pension Committee also includes two non-director members from AKITA's management.

All Committee Chairs provide regular reports to the Board. Copies of the Committee mandates are available on the Company's website at [www.akita-drilling.com](http://www.akita-drilling.com).

### Continuing education and development

All directors are provided with a director's manual, which includes a copy of all Board and Committee mandates and policies and the Company's by-laws, and are introduced to senior management and the other directors. Newly elected directors participate in an orientation and education program during which they are briefed about all aspects of the Company's operations by senior management.

Comprehensive information packages are distributed to all directors in advance of meetings of the Board and Committees and prior to strategic planning sessions, and presentations are made at each meeting of the Board by management of new developments which may affect the Company and its business.

In addition to education that is specific to the operations of the Company, directors attend and participate in seminars and other continuing education programs as deemed necessary. Loraine M. Charlton and Linda A. Southern-Heathcott have attained the professional ICD.D designation from the Institute of Corporate Directors.

### Assessment

The Board, its Committees and its individual directors are assessed at least annually. This function is facilitated by GOCOM. Board and Committee performance evaluation questionnaires are distributed to each director and Committee member. The questionnaires provide the directors with the opportunity to examine their effectiveness and identify areas for improvement. The questionnaires address director skills and experience, preparation, attendance and availability at meetings, communication and interaction, business, company and industry knowledge and provide an overall effectiveness assessment. The responses are conveyed to GOCOM. Each Board member receives a full report of the tabulated results of the Board questionnaire. Each Committee member receives a complete report of the tabulated results on each Committee questionnaire for each Committee on

which they sit. Directors are encouraged to comment broadly so the effectiveness of the Board and each Committee can continually improve.

The Chairman of GOCOM meets with the Chair of the Board to discuss the performance of directors and other issues relating to Board, Committee and director performance.

### **Director selection**

GOCOM, in conjunction with recommendations made by the Chair of the Board, is responsible for identifying and recommending potential candidates for the Board. GOCOM annually reviews the size and composition of the Board and makes recommendations to the Board when it believes that a change in size would be in the best interests of the Company, and reviews the overall profile of the Board to ensure that it includes members with a reasonable diversity of experience, backgrounds and skills who collectively possess the competencies identified by GOCOM as being critical to the effectiveness of the Board as a whole. GOCOM also reviews each Committee of the Board and its mandate, making appropriate recommendations as required.

The mandate of GOCOM includes responsibility for governance issues including: size, composition and effectiveness of the Board, Committee structure and mandate, Chief Executive Officer succession planning, and making recommendations to the Board with respect to the nominees to the Board. Nominee recommendations are based on GOCOM's objective assessment of the Board's needs with respect to skill, expertise, experience, gender, background and attitude.

### **Communicating with the Board**

Interested parties may communicate directly with the Board of Directors through the Chair of the Board by writing to:

Chair of the Board of Directors  
c/o Corporate Secretary  
AKITA Drilling Ltd.  
1000, 333 - 7th Avenue S.W.  
Calgary, Alberta  
T2P 2Z1

## Code of Business Conduct

The Company has a written Code of Business Conduct (the "Code") that governs the Board, its officers and employees. A copy of the Code may be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). The Board monitors compliance with the Code by requiring each director, officer and employee to annually sign a certificate confirming his or her compliance with the Code. To the knowledge of the Board, there have been no departures from the Code that would necessitate the filing of a material change report.

The Board is of the view that a culture of strong corporate governance and ethical business conduct must be endorsed by the Board and the Company's executive officers and employees. The Code addresses many areas of business conduct and provides a procedure for employees to raise concerns or questions regarding the conduct of the Company's directors, officers and employees.

The Code and the Company's By-laws set out the framework for dealing with conflict of interest situations. The Code and the Company's By-laws provide that directors have a fiduciary interest in promoting and preserving the interests of the Company's shareholders and the best interests of the Company. In any situation that involves, or may reasonably be expected to involve, a conflict between a director's personal interests and the interests of the Company or in any other case in which a director may otherwise be in a conflict of interest, such director is required to disclose the nature and extent of such director's interest at the time and in the manner provided by the *Business Corporations Act* (Alberta) (the "ABCA"). In such cases, the director or directors shall be requested to leave the meeting and may not vote on any resolution to approve any action by the Company where a conflict exists except as provided by the ABCA.

AKITA did not file any material change reports in 2016 relating to a director's or executive officer's departure from the Code. Further, no waivers of the Code have ever been granted to any AKITA director, officer or other employee.

The Company has a hotline in place that employees can use to express concerns about inappropriate business conduct. Concerns can be reported confidentially and anonymously online or by phone. Non-employees may also submit complaints online, by phone or by mail to any member of the Audit Committee.

## Disclosure Policy

AKITA is committed to providing accurate, timely information and fair disclosure of corporate information to the public. The Company must comply with all laws and regulations and ensure that communications to the public are disseminated according to applicable legal and regulatory requirements. The Company's Disclosure Policy applies to all AKITA directors, officers and employees, including those authorized to communicate to the public on the Company's behalf. It covers written and oral communications provided to the investing public, including:

- Written financial and non-financial documents;
- Annual reports;
- Interim reports;
- News releases;
- Letters to shareholders;
- Presentations and speeches by senior management;
- Corporate web site and other communications;
- Documents filed with securities regulators and the Toronto Stock Exchange;
- Oral statements made with financial analysts and the public;
- Interviews with the media; and
- News conferences.

This Disclosure Policy takes into consideration securities law governing corporate disclosure, confidentiality and employee trading.

### **Additional disclosure relating to directors**

As of March 3, 2017, based upon information provided by the nominees for election to the Board of Directors, in the last 10 years no nominee has been a director or executive officer of any company that 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.

## DIRECTOR COMPENSATION

GOCOM is responsible for assessing the compensation of the directors of the Company annually using information from other corporations and published data, and from time to time retains independent compensation consultants to undertake market comparisons and provide advice on developing appropriate compensation programs. GOCOM's approach when setting director compensation is to align the directors' interests with the interests of the Company's shareholders and to fairly and competitively compensate directors in order to attract and retain skilled and dedicated Board members. Director compensation is reviewed to determine whether such compensation is appropriate for the responsibilities, time commitment and risks assumed by the directors.

### Fees and retainers

Effective November 16, 2015, in light of the weak economic conditions that the Company operates in, the Board of Directors reduced remuneration paid to directors. The following table sets forth the annual retainers and attendance fees paid to members of the Board in 2016. The retainers for Chair, Committee chairs and members are paid in addition to the annual director retainer and supplemental fee of \$32,500 (formerly \$35,000).

Non Employee Directors' remuneration	2016 (\$)
Annual retainers	
Director - cash portion	22,500
Director - supplemental fee <sup>(1)</sup>	10,000
Chair of the Board	54,000
Audit Committee Chair	18,000
GOCOM Chair	4,500
Pension Committee Chair	4,500
Meeting fees	
Board Meeting, Committee Meeting and Strategy Session	1,125
Board or Committee Meeting attended by telephone lasting less than two hours	360
Board or Committee Meeting attended by telephone lasting more than two hours	1,125

<sup>1</sup> During 2016, each non-employee director received a supplemental fee totalling \$10,000 of which \$7,000 was used to purchase Class A Non-Voting Shares and \$3,000 was remitted on behalf of income taxes.

Directors are reimbursed for travel and other expenses incurred for attendance at Board and Committee meetings. Directors who are full-time salaried AKITA employees receive no remuneration for serving as a director.

The following table summarizes the total compensation that was paid to each non-employee director for the year ended December 31, 2016. Karl A. Ruud did not receive compensation as a director of AKITA as he is the President and Chief Executive Officer. His compensation is shown on page 47 of this Management Information Circular.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Loraine M. Charlton	62,875	-	-	-	-	-	62,875
Arthur C. Eastly	25,250	-	-	-	-	-	25,250
Linda A. Southern-Heathcott	97,750	-	147,000	-	-	-	244,750
Harish K. Mohan	50,500	-	-	-	-	-	50,500
Dale R. Richardson	44,875	-	-	-	-	-	44,875
Nancy C. Southern	37,000	-	-	-	-	-	37,000
Ronald D. Southern <sup>1</sup>	10,375	-	-	-	-	-	10,375
C. Perry Spitznagel	39,250	-	-	-	-	-	39,250
Henry G. Wilmot	42,625	-	-	-	-	-	42,615
Charles W. Wilson	44,875	-	-	-	-	-	44,875
<b>Total</b>	<b>455,375</b>	<b>-</b>	<b>147,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>602,375</b>

<sup>1</sup> Mr. Southern passed away on January 21, 2016.

The following table provides a detailed breakdown of the fees and retainers paid to AKITA's non-employee directors for the year ended December 31, 2016. Fees and retainers are paid quarterly.

Name	Cash portion of director retainer (\$)	Chair, Deputy Chair or Committee Chairman retainer (\$)	Board attendance fee (\$)	Committee attendance fee (\$)	Other fees <sup>(1)</sup> (\$)	Total fees earned (\$)
Loraine M. Charlton	22,500	18,000	5,625	6,750	10,000	62,875
Arthur C. Eastly <sup>2</sup>	13,750	2,250	1,125	5,625	2,500	25,250
Linda A. Southern-Heathcott	22,500	54,000	5,625	5,625	10,000	97,750
Harish K. Mohan <sup>3</sup>	22,500	2,250	5,625	10,125	10,000	50,500
Dale R. Richardson	22,500	-	5,625	6,750	10,000	44,875
Nancy C. Southern	22,500	-	4,500	-	10,000	37,000
Ronald D. Southern	10,375	-	-	-	-	10,375
C. Perry Spitznagel	22,500	-	4,500	2,250	10,000	39,250
Henry G. Wilmot	22,500	-	5,625	4,500	10,000	42,625
Charles W. Wilson	22,500	4,500	5,625	2,250	10,000	44,875
<b>Total</b>	<b>204,125</b>	<b>81,000</b>	<b>43,875</b>	<b>43,875</b>	<b>82,500</b>	<b>455,375</b>

<sup>1</sup> During 2016, each director received a supplemental fee totalling \$10,000 of which \$7,000 was used to purchase Class A Non-Voting Shares and \$3,000 was remitted on behalf of income taxes.

<sup>2</sup> Mr. Eastly's supplemental fee and committee chairman retainer were prorated to the date of his retirement.

<sup>3</sup> Mr. Mohan's committee chairman retainer was prorated for when he became chair of the pension committee.

## Director share ownership

The following table sets out each director's equity ownership in AKITA at March 3, 2016 and any change in ownership interest up to March 3, 2017.

Name	Equity ownership as at March 3, 2016			Equity ownership as at March 3, 2017			Net change in ownership			Equity at risk <sup>(1)</sup>
	Class A Non-Voting Shares	Class A Non-Voting Options	Class B Common Shares	Class A Non-Voting Shares	Class A Non-Voting Options	Class B Common Shares	Class A Non-Voting Shares	Class A Non-Voting Options	Class B Common Shares	Value (\$)
Lorraine M. Charlton	14,064	6,000	-	15,424	6,000	-	1,360	-	-	\$133,399
Arthur C. Eastly <sup>2</sup>	7,634	6,000	100	7,957	6,000	100	323	-	-	\$70,458
Linda A. Southern-Heathcott <sup>3</sup>	19,862	105,000	50	23,699	205,000	50	3,837	100,000	-	\$367,852
Harish K. Mohan	8,683	-	100	11,330	-	100	2,647	-	-	\$149,005
Dale R. Richardson	33,406	-	7,800	34,615	-	7,800	1,209	-	-	\$373,093
Karl A. Ruud	40,864	260,000	400	42,541	310,000	400	1,677	50,000	-	\$463,760
Nancy C. Southern <sup>3</sup>	23,771	-	-	24,980	-	-	1,209	-	-	\$217,591
C. Perry Spitznagel	8,362	-	-	9,571	-	-	1,209	-	-	\$82,916
Henry G. Wilmot	2,119	-	-	3,051	-	-	932	-	-	\$26,526
Charles W. Wilson	17,659	-	-	18,814	-	-	1,155	-	-	\$163,490
<b>Total</b>	<b>176,424</b>	<b>377,000</b>	<b>8,450</b>	<b>197,867</b>	<b>527,000</b>	<b>8,450</b>	<b>21,443</b>	<b>150,000</b>	<b>-</b>	<b>\$2,048,090</b>

<sup>1</sup> Equity at risk is shown as at March 3, 2017, and is the market value determined by reference to the closing price of Class A Non-Voting shares (\$8.74) and Class B Common Shares (\$9.14) on the Toronto Stock Exchange as well as to option strike prices at the dates such options were granted.

<sup>2</sup> Mr. Eastly retired from the Board on May 10, 2016.

<sup>3</sup> As at March 3, 2017, the Spousal Trust owned 32,019 Class A Non-Voting Shares and 2,000 Class B Common Shares and is the controlling share owner of Sentgraf which owns 4,474,258 Class A Non-Voting Shares and 1,426,790 Class B Common Shares. Ms. Nancy Southern, Ms. Linda Southern-Heathcott and Mrs. Margaret E. Southern are trustees of the Spousal Trust. All actions of the Spousal Trust regarding the shares held by it require the approval of a majority of the trustees.

Directors are eligible to receive grants of options and share appreciation rights under the Company's long-term incentive plans. The following table lists all options that were granted to non-employee directors during 2016. Further, during 2016 and to date in 2017, there were no outstanding share appreciation rights. Option pricing was determined using the binomial methodology. The option was valued at 25% at the time of the grant, based on a plan design with a ten year term and vesting over five years. This method and assumptions have been consistently applied. The value vested during the year on incentive plan awards to non-employee directors is included in a table on page 34 of this document.

Name	Date Granted	Expiry Date	Grant Price (\$)	Number Granted (#)	Vested Options at December 31, 2016	
					Number Vested (#)	Value (\$)
Linda A. Southern-Heathcott	April 1, 2016	March 31, 2026	7.13	100,000	20,000	26,400

The following table lists all outstanding options held by the non-employee directors at December 31, 2016. Karl A. Ruud, President and Chief Executive Officer and a director of the Company, is excluded from the following table since information regarding his compensation has been included in the Named Executive Officer (“NEO”) table contained on page 47 of this Management Information Circular.

Name	Option Based Awards					Share Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option grant date	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units 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 that have not been paid out or distributed (\$)
Loraine M. Charlton	6,000	10.32	Mar 23, 2011	Mar 22, 2021	Nil	Nil	N/A	N/A
Linda A. Southern-Heathcott	60,000	9.87	Apr 1, 2010	Mar 31, 2020	Nil	Nil	N/A	N/A
	20,000	10.32	Mar 23, 2011	Mar 22, 2021	Nil	Nil	N/A	N/A
	25,000	16.02	Aug 29, 2014	Aug 28, 2024	Nil	Nil	N/A	N/A
	100,000	7.13	April 1, 2016	Mar 31, 2026	132,000	Nil	N/A	N/A
Harish K. Mohan	Nil	N/A	N/A	N/A	N/A	Nil	N/A	N/A
Dale R. Richardson	Nil	N/A	N/A	N/A	N/A	Nil	N/A	N/A
Nancy C. Southern	Nil	N/A	N/A	N/A	N/A	Nil	N/A	N/A
C. Perry Spitznagel	Nil	N/A	N/A	N/A	N/A	Nil	N/A	N/A
Henry G. Wilmot	Nil	N/A	N/A	N/A	N/A	Nil	N/A	N/A
Charles W. Wilson	Nil	N/A	N/A	N/A	N/A	Nil	N/A	N/A

<sup>1</sup> The value of unexercised “in-the-money” options has been determined by subtracting the exercise price of the options from the closing price of the Class A Non-Voting Shares on December 31, 2016 of \$8.45, as reported by the Toronto Stock Exchange, and multiplying by the number of Class A Non-Voting Shares that may be acquired upon the exercise of the options.

The following table discloses the value vested during the year on incentive plan awards. The table provides the aggregate dollar value that would have been realized if options for Class A Non-Voting Shares had been exercised on the vesting date. There are no share appreciation rights issued by the Company.

Name	Option value vested during the year <sup>1</sup> (\$)
Linda A. Southern-Heathcott	Nil

<sup>1</sup> Based on option value vesting at anniversary date of specific option

During 2016, no options or share appreciation rights were exercised by directors of the Company.

# COMPENSATION DISCUSSION & ANALYSIS

## Compensation Governance

GOCOM reviews and determines the overall compensation program for all officers of the Company, including base salary, short-term incentives and long-term incentives. GOCOM's approach when setting executive compensation is to align the executives' interests with the interests of the Company's shareholders and to fairly and competitively compensate executives in order to attract and retain skilled and dedicated executives. While GOCOM is responsible for recommending executive compensation to the Board, the Board reserves the right to exercise discretion to reduce or increase executive compensation based upon specific circumstances.

## Committee Process

GOCOM recognizes the importance of maintaining sound governance practices for the administration of executive total rewards programs. To ensure GOCOM has the ability to effectively perform its responsibilities, the following procedures have been established:

- In camera sessions are held at each meeting to address executive compensation items;
- A compensation tally sheet is reviewed for all executives that includes a three-year history of base pay changes, incentive plan payments, discretionary payments, perquisites, share plan ownership and grants and pension and other benefits;
- The granting of stock options, share appreciation rights and deferred share units generally is considered annually during concurrent deliberation of Total Direct Compensation ("TDC"), which is defined as base pay plus target bonus plus the expected value of long-term incentives;
- Management is directed to provide the initial analysis and commentary on its behalf on a range of compensation matters; This material is reviewed along with other information received from external advisors in its deliberations before considering and/or rendering decisions; and
- GOCOM has full discretion to adopt management recommendations or to alter them and consult its own external advisors.

## Independent advice

GOCOM reviews reports prepared by independent compensation consultants to undertake market competitive compensation analysis of executive positions, to provide information on current market practices and to provide advice in structuring or restructuring executive compensation programs. GOCOM can also seek independent legal advice on securities law, matters related to executive compensation or any other governance related issue.

## Executive compensation advisory surveys and related fees

GOCOM annually reviews market comparisons and provides advice on developing appropriate compensation programs, based on information from other corporations in the Canadian drilling and oilfield services industry and typically utilizes the "*Petroleum Services Association of Canada Salary Survey*" (herein called the "PSAC Survey").

The Company has been using the PSAC Survey since the inception of the Company. This is the only service provided to the Company by the Petroleum Services Association of Canada. The survey was not undertaken in 2016 (2015 - \$2,295).

### **GOCOM decision-making criteria**

GOCOM reviews and approves each individual executive's TDC annually. Several factors are considered in totality, together with any other considerations determined to be relevant, in making compensation recommendations. These factors include:

- Market data that shows how the executive is paid in relation to the market (50<sup>th</sup> percentile) for base salary, short-term incentives and long-term incentives;
- Individual performance measures that indicate the executive's demonstrated delivery of results and alignment to the values and direction of the Company, and the ability to mentor other high-potential employees; and
- Company performance against a range of financial, operational, leadership and long-term sustainable growth targets.

### **Philosophy, objectives and principles**

The Company's compensation philosophy is to provide "competitive pay for competitive performance". This philosophy is designed to closely align the interests of executives and shareholders and to support the continued success of the Company. GOCOM approves compensation principles and objectives designed to ensure the achievement of this approach.

The objectives of the Company's executive compensation plan are as follows:

- Attract and retain talented executives in a competitive business environment; and
- Compensate executives in a way that creates sustained shareholder value by:
  - Ensuring all executives have an "at risk" component of total compensation that reflects their ability to influence business outcomes and financial performance;
  - Linking short-term incentives to prudent company performance and paying the "at-risk" component of compensation only in the event that prescribed targets or objectives are met or exceeded;
  - Aligning the performance of the executive to the strategic plan of the Company; and
  - Linking long-term incentives to sustainable profitable growth.

The Company's compensation principles are as follows:

- Establish TDC, pension benefits and perquisites at the median of the relevant comparator markets;
- Provide a significant portion of TDC based on company and individual performance which is to be paid only in the event that prescribed targets are met or exceeded;
- Utilize relevant peer companies from industry that may be of similar size and scope of operations or for which the data is adjusted to reflect the appropriate size and scope through linear regression analysis. Comparator company data is obtained from the PSAC Survey; and
- Test the total potential payment to ensure it is not a significant portion of the Company's earnings.

The comparator groups used for market competitiveness are as follows:

<b>Industry</b>	Oil and gas services
<b>Locations</b>	Alberta
<b>Relevance</b>	Companies are selected based on their comparability to the Company's operations. Consideration is given to size using revenue, number of employees and market capitalization.
<b>2015 PSAC Survey participant companies</b> (Note - The PSAC Survey was not undertaken in 2016)	AKITA Drilling Ltd. Ensign Drilling Partnership Nabors Drilling Canada Limited Patterson-UTI Drilling Canada Limited Precision Drilling Corporation Trinidad Drilling Ltd. Plus 56 additional Canadian oilfield services companies that do not have drilling operations

### Managing risk

GOCOM considered the extent to which annual performance metrics, as opposed to multi-year targets, could potentially incentivize inappropriate or unnecessary risk-taking or short-term decision making. GOCOM concluded that the absence of multi-year performance objectives did not lead to the assumption of undue risk in 2016 relative to the Company's intended overall risk profile. The ability for short-term decisions to drive excessive compensation is limited because the performance awards are subject to "caps" (maximum amounts of compensation) that can be received in the event the Company's performance exceeds established performance targets. Such caps on performance-related compensation minimize any incentive to enter into large transactions with excessive risk for the purpose of attempting to generate substantial short term gains.

GOCOM also considered whether the awarding of long-term compensation could potentially encourage inappropriate or excessive risk taking. As part of its consideration, GOCOM recognized the Board's practice of evaluating and approving each aspect of long term strategic decisions on a variety of metrics including its anticipated long and short term rewards with consideration given to the corresponding levels of associated risks. Therefore, GOCOM concluded that such Board oversight and approval over the Company's long term strategic decisions was a practice that minimized the risk of long-term compensation driving excessive or unnecessary risk taking in 2016. When the aforementioned requisite Board approval of long term strategic decisions is coupled with the oversight of the Company's Risk Management Committee, which is tasked with identifying, assessing and mitigating risks material to the Company, and which reports directly to the Audit Committee, three of whose members are also members of GOCOM, GOCOM concluded that adequate safeguards are in place to minimize the risk of excessive risk taking to achieve long term compensation targets. GOCOM also considered the use of five year vesting periods for options issued to management as a risk mitigating strategy.

## **Executive Compensation Program Elements**

### **Base salary**

The base pay program provides a fixed level of income based on the market value of the position. All executive roles are matched to similar positions in the comparator group. Base salaries are generally targeted near the median (50<sup>th</sup> percentile); however, salaries up to the 75<sup>th</sup> percentile are provided to reward sustained individual performance which is above the expectations of the role. GOCOM may make adjustments in an individual's salary during the year based on changes in the executive's responsibilities.

### **Short-term incentive plan**

The Company typically has officers' bonus plans pursuant to which annual bonuses of generally up to 100% of salary are payable for a financial year based on the net income of the Company achieved in such year. Due to unusually weak market conditions, this compensation program was suspended in 2015 and remained suspended in 2016.

### **Long-term incentive plan**

#### **Summary of Stock Option Plan**

The stock option plan of the Company was initially adopted by the Company at inception, and subsequently replaced by an amended and restated plan approved by the shareholders effective May 14, 1998, which was replaced by an amended and restated stock option plan approved by the shareholders of the Company effective May 7, 2007.

GOCOM, subject to Board approval, may designate directors, officers, employees and other persons providing services to the Company to be offered Options to purchase Class A Non-Voting Shares of the Company at an exercise price equal to the weighted average trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the date of grant. Vesting provisions and exercise period of the Options are determined by GOCOM at the date of grant. Determinations with respect to the grant of options are influenced by the factors previously identified in the discussion of base salary determinations.

As of March 3, 2017, 879,500 Options are outstanding under the Company's stock option plan, representing 4.9% of the Company's issued and outstanding share capital. The maximum number of Class A Non-Voting Shares which may be issued pursuant to the Options granted under the Stock Option Plan may be equal to, but not greater than, 1,700,000 Class A Non-Voting Shares. As of March 3, 2017, 1,700,000 Class A Non-Voting Common Shares represents 9.5% of the Company's issued and outstanding share capital. A summary of activities under the Stock Option Plan up to the date of this Management Information Circular is contained in the accompanying table. All balances included have been adjusted to reflect the two-for-one stock split implemented on June 8, 2005 in accordance with the terms of the Stock Option Plan.

The number of Class A Non-Voting Shares which may be issued to insiders of the Company under the Stock Option Plan, together with all of the Company's other previously established or proposed compensation arrangements, in aggregate, may not at any time exceed 10% of the Company's issued and outstanding securities. The number of Class A Non-Voting Shares which may be issued to any

one optionee under the Stock Option Plan is not otherwise restricted. Options granted under the Stock Option Plan are non-assignable and non-transferable.

During the lifetime of a participant under the Stock Option Plan, Options granted thereunder may only be exercised by the participant. Stock options granted under the Stock Option Plan terminate on the earlier of the date of expiration of the option period and 90 days from the date a participant ceases to hold the office of director, officer, employee or consultant or, in the case of death, permanent disability or normal retirement, the earlier of the date of expiration of the option period and twelve months after the date of death, permanent disability or normal retirement. Options are only assignable in the event of death or permanent disability, and in such circumstances only in accordance with the participant's will or applicable law and only to the extent the participant was entitled to exercise the Option as at the date of his or her death or permanent disability. In the event of a sale of all or substantially all of the assets of the Company or a change of control, a participant under the Stock Option Plan will be entitled to exercise (partially or in full) each Option granted under the Stock Option Plan, whether vested or not, until the earlier of: (i) the last day of the applicable option period; and (ii) the 90th day after the date of termination of the participant's status (i.e., as a director, officer or employee) with the Company at the time and under which the Option was granted. The Stock Option Plan also contains an adjustment mechanism to alter the exercise price or number of Class A Non-Voting Shares issuable under the Stock Option Plan upon a share reorganization or corporate reorganization. Except where prohibited by the TSX, where Options expire during or within ten business days after black out period imposed by the Company (the "Black Out Period"), then the option period of such Options will be extended to the end of the day that is ten business days following the end of the applicable Black Out Period.

The Stock Option Plan provides that the Board may make certain amendments to the Stock Option Plan or any Options without shareholder approval, including:

- any amendment to the vesting provisions of the Stock Option Plan or any Option;
- any amendment to the termination provisions of the Stock Option Plan or any Option, provided that such amendment does not entail an extension beyond the expiry date of the Option as provided for in Section 9 and 13 of the Stock Option Plan;
- any amendment to the persons eligible to receive Options or otherwise relating to the eligibility of anyone to receive Options other than an amendment which would have the potential of broadening or increasing insider participation;
- any amendment with respect to the method or manner of exercise of any Option;
- any amendment of a "housekeeping" nature; and
- any other amendment that under the rules of the TSX (or such other stock exchange on which the Class A Non-Voting Shares may be listed) does not require shareholder approval; provided that no such amendment shall in any manner materially adversely affect the rights of any participant under any Options granted under the Stock Option Plan without such participant's consent.

The Board may also, at any time, suspend or terminate the Stock Option Plan. The Company will not facilitate the surrender of Options for a cash payment equal to the in-the-money amount unless shareholder approval is sought and obtained for an amendment to the Stock Option Plan to provide for such a cashless exercise mechanism.

Pursuant to applicable TSX rules, the Company will require shareholder approval for: (i) amendments that increase the number of shares issuable under the Stock Option Plan; (ii) amendments that

reduce the exercise price of an Option benefiting an insider of the Company; (iii) an amendment to extend the term of a grant benefiting an insider of the Company; (iv) any amendment which would have the potential of broadening or increasing insider participation; and (v) amendments to an amending provision of the Stock Option Plan.

	Initial Stock Option Plan (Jan 1, 1993 to May 14, 1998)	Current Stock Option Plan (May 14, 1998 to present)	Proposed Amended Stock Option Plan (May 9, 2017)
<b>Reserved</b>	<b>1,680,000</b>	<b>1,700,000<sup>1</sup></b>	<b>3,200,000<sup>2</sup></b>
Granted	1,400,000	1,564,000	1,564,000
Exercised	(1,039,800)	(362,200)	(362,200)
Expired	-	(93,300)	(93,300)
Surrendered for a cash payment equal to the in-the-money amount	(360,200)	-	-
Cancelled	-	(229,000)	(229,000)
<b>Outstanding as at March 2, 2017</b>	<b>-</b>	<b>879,500</b>	<b>879,500</b>

<sup>1</sup> 1,700,000 shares represents approximately 9.5% of the Company's total issued and outstanding share capital as of the date of this management information circular.

<sup>2</sup> 3,200,000 shares represents approximately 17.8% of the Company's total issued and outstanding share capital as of the date of this management information circular.

### Options available for future issuance as at December 31, 2016

	Current Stock Option Plan (May 14, 1998 to present)	Proposed Amended Stock Option Plan (May 9, 2017)
Number of Class A Non Voting Shares to be issued upon exercise of outstanding options	879,500	879,500
Weighted average exercise price of outstanding options	\$11.32	\$11.32
Number of Class A Non Voting Shares remaining for future issuance under equity compensation plans	458,300	1,958,300

### Stock option hedging policy

Company policy prohibits the hedging of equity based compensation and other securities awarded to recipients.

## Stock options issued during 2016

The following table lists all options that were granted to NEOs of the Company during 2016. During 2016 and to date, there were no outstanding share appreciation rights. Option pricing was determined using the binomial methodology. The option was valued at 25% at the time of the grant, based on a plan design with a ten year term and vesting over five years. This method and assumptions have been consistently applied.

Name and Position	Date Granted	Expiry Date	Grant Price (\$)	Number Granted (#)	Vested Options at December 31, 2016	
					Number Vested (#)	Value (\$)
Karl A. Ruud President and Chief Executive Officer	April 1, 2016	March 31, 2026	7.13	50,000	10,000	13,200
Darcy Reynolds Vice President, Finance	April 1, 2016	March 31, 2026	7.13	7,500	1,500	1,980
Raymond T. Coleman Senior Vice President	April 1, 2016	March 31, 2026	7.13	15,000	3,000	3,960
Fred O. Hensel Vice President, Marketing	April 1, 2016	March 31, 2026	7.13	7,500	1,500	1,980
Colin A. Dease Corporate Secretary	April 1, 2016	March 31, 2026	7.13	7,500	1,500	1,980

## Share Appreciation Rights and Deferred Share Units

In addition to stock options, share appreciation rights (SARs) may be granted to directors, officers and key employees of the Company. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant. The holder is entitled on exercise to receive a cash payment from the Company equal to any increase in the market price of the Class A Non-Voting Shares over the base value of the SARs exercised. The base value is equal to the closing price of the Class A Non-Voting Shares on the Toronto Stock Exchange on the day before the date of grant.

On November 12, 2013, the Board approved an executive Deferred Share Unit Plan (“DSU Plan”) whereby the Board or, if duly authorized by the Board, GOCOM may grant to eligible executives of the Company such number of Deferred Share Units (“DSUs”) as appropriate as a bonus in respect of services rendered to the Company. Unless otherwise specified at the time of grant, DSUs vest at the time of grant and are payable when the executive ceases to be an employee or a director of the Company. Recipients of DSUs are entitled to receive dividend equivalents based upon the payment of dividends to Class A Non-Voting shareholders. No DSUs were issued in 2016.

Unlike salary and bonuses, that are intended to compensate the Company’s executive for the day to day administration of the Company as well as the achievement of annual targets, the use of stock options, SARs and DSUs is intended to provide long-term incentives for the recipients to more closely align their interests with the interests of the shareholders. The recommendation of timing and amounts of each award is made based upon the circumstances at the time of such recommendation, but includes considerations regarding past performance, known and anticipated opportunities in the future and a desire to affect future performance for the Company.

Prior to the granting of stock options, SARs or DSUs, in addition to the performance of the executive, consideration is given to the number of awards currently outstanding, both in total and to any

prospective individual for whom additional grants might be considered as well as the number of awards that are available to be issued under the stock option plan.

### Value vested/earned during the year

The following table sets forth, for each NEO, the value vested or earned on all option-based awards, share-based awards and non-equity incentive plan compensation in 2016. Amounts presented below have been determined as of the effective date of vesting. No SARs have been issued by the Company.

Name	Option-based awards Value vested during 2016 (\$)	Share-based Awards Value vested during 2016 (\$)	Non-equity incentive plan compensation Value earned during 2016 (\$)
Karl A. Ruud President and Chief Executive Officer	Nil	Nil	Nil
Darcy Reynolds Vice President, Finance	Nil	Nil	Nil
Raymond T. Coleman Senior Vice President	Nil	Nil	Nil
Fred O. Hensel Vice President, Marketing	Nil	Nil	Nil
Colin A. Dease Corporate Secretary	Nil	Nil	Nil

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

The following table lists all outstanding option based awards and share based awards held by the NEOs of the Company at December 31, 2016.

Name	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 <sup>(1)</sup> (\$)	Number of shares or units 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 that have not been paid out or distributed <sup>(2)</sup> (\$)
Karl A. Ruud	35,000	9.87	Mar 31, 2020	-	Nil	N/A	108,198
President and Chief Executive Officer	25,000	10.32	Mar 22, 2021	-			
	50,000	10.86	Mar 12, 2022	-			
	50,000	13.81	Sep 12, 2023	-			
	50,000	16.02	Aug 28, 2024	-			
	50,000	10.28	Mar 31, 2025	-			
	50,000	7.13	Mar 31, 2026	66,000			
Darcy Reynolds	7,500	7.13	Mar 31, 2026	9,900	Nil	N/A	N/A
Vice President, Finance							
Raymond T. Coleman	10,000	9.87	Mar 31, 2020	-	Nil	N/A	47,840
Senior Vice President	7,500	10.32	Mar 22, 2021	-			
	15,000	10.86	Mar 12, 2022	-			
	15,000	13.81	Sep 12, 2023	-			
	15,000	16.02	Aug 28, 2024	-			
	15,000	10.28	Mar 31, 2025	-			
	15,000	7.13	Mar 31, 2026	19,800			
Fred O. Hensel	10,000	9.87	Mar 31, 2020	-	Nil	N/A	36,274
Vice President, Marketing	7,500	10.32	Mar 22, 2021	-			
	7,500	10.86	Mar 12, 2022	-			
	7,500	13.81	Sep 12, 2023	-			
	7,500	16.02	Aug 28, 2024	-			
	7,500	10.28	Mar 31, 2025	-			
	7,500	7.13	Mar 31, 2026	9,900			
Colin A. Dease	5,000	10.86	Mar 12, 2022	-	Nil	N/A	18,763
Corporate Secretary	5,000	13.81	Sep 12, 2023	-			
	7,500	16.02	Aug 28, 2024	-			
	7,500	10.28	Mar 31, 2025	-			
	7,500	7.13	Mar 31, 2026	9,900			

<sup>1</sup> The value of unexercised "in-the-money" options has been determined by subtracting the exercise price of the options from the closing price of the Class A Non-Voting Shares on December 31, 2016 of \$8.45, as reported by the Toronto Stock Exchange, and multiplying by the number of Class A Non-Voting Shares that may be acquired upon the exercise of the options.

<sup>2</sup> The market or payout value of vested share-based awards that have not been paid out or distributed has been determined by taking the number of DSUs awarded plus accrued dividends and multiplying the result by the closing price of the Class A Non-Voting Shares on December 31, 2016 of \$8.45, as reported by the Toronto Stock Exchange.

## Pension benefits

The Company has a defined contribution Pension Plan that covers substantially all of its employees as well as a group RRSP Plan that covers employees having five or more years of service. Under these plans, the Company makes a combined contribution, based on years of service, of up to 10% of regular earnings for eligible employees on a current basis. Karl A. Ruud, Darcy Reynolds, Raymond T. Coleman, Fred O. Hensel and Colin A. Dease all participate in these plans. Pension benefits and contributions granted under the defined contribution plan and group RRSP are subject to limits imposed by the *Income Tax Act* (Canada).

GOCOM, subject to Board approval, may approve supplemental benefits to directors, officers, employees and other persons providing services to the Company. Karl A. Ruud has a pension under a supplemental arrangement that will provide an unfunded and unregistered defined benefit to him based upon his respective age at retirement. The potential annual retirement benefit payable began at age 50 at \$10,000 and escalates to a maximum annual amount of \$185,000 at age 65, based upon a pre-determined formula.

### Defined contribution plan table

The following table sets forth for each NEO all pension plans that provide for payments or benefits at, following, or in connection with retirement, excluding defined benefit plans. Annual payments made have been included under “All Other Compensation” of the Summary Compensation Table for NEOs.

Name and Position	Accumulated value at start of year (\$)	Compensatory (\$)	Non-compensatory (\$)	Accumulated value at end of year (\$)
Karl A. Ruud President and Chief Executive Officer	632,823	23,400	4,987	661,210
Darcy Reynolds Vice President, Finance and Chief Financial Officer	60,539	7,289	3,006	70,834
Raymond T. Coleman Senior Vice President	324,218	12,150	19,406	355,774
Fred O. Hensel Vice President, Marketing	252,659	8,866	15,445	276,970
Colin A. Dease Corporate Secretary	59,833	7,766	6,518	74,117

## Defined benefit plan table - supplemental pension benefits

Name	Number of years of credited service	Annual benefits payable <sup>(1)</sup> (\$)		Accrued obligation at start of year <sup>(3)</sup> (\$)	Compensatory change <sup>(4)</sup> (\$)	Non-compensatory change (\$)	Accrued obligation at end of year <sup>(5)</sup> (\$)
		At year end	At age 65 <sup>(2)</sup>				
Karl A. Ruud President and Chief Executive Officer	N/A	42,000	185,000	1,900,782	241,074	172,392	2,314,248
Darcy Reynolds Vice President, Finance and Chief Financial Officer <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Raymond T. Coleman Senior Vice President <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fred O. Hensel Vice President, Marketing <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colin A. Dease Corporate Secretary <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup>The annual benefit payable to Karl A. Ruud is based on his age at termination or retirement as shown in the following table:

Age at termination or retirement	Annual benefit	Benefits payable
Under age 50	\$Nil	N/A
Age 50 - 54	\$10,000	50% of annual benefit payable from age 55 to age 65; 100% of annual benefit from age 65
Age 55 - 60	\$30,000 to \$40,000	50% of annual benefit payable immediately to age 65; 100% of annual benefit from age 65
Age 61 - 64	\$41,000 to \$119,000	100% of annual benefit payable immediately
Age 65 and over	\$185,000	100% of annual benefit payable immediately

<sup>2</sup>The annual benefit payable for Karl A. Ruud is the maximum amount payable under his respective supplemental arrangement.

<sup>3</sup>The accrued obligation is the reported value of the supplemental arrangements at December 31, 2015 and December 31, 2016 using actuarial assumptions and methods that are consistent with those used for calculating supplemental pension obligations as disclosed in the Company's 2015 and 2016 annual consolidated financial statements. As the assumptions reflect the Company's best estimate of future events, the values shown in the above table may not be directly comparable to similar estimates of pension obligations that may be disclosed by other corporations.

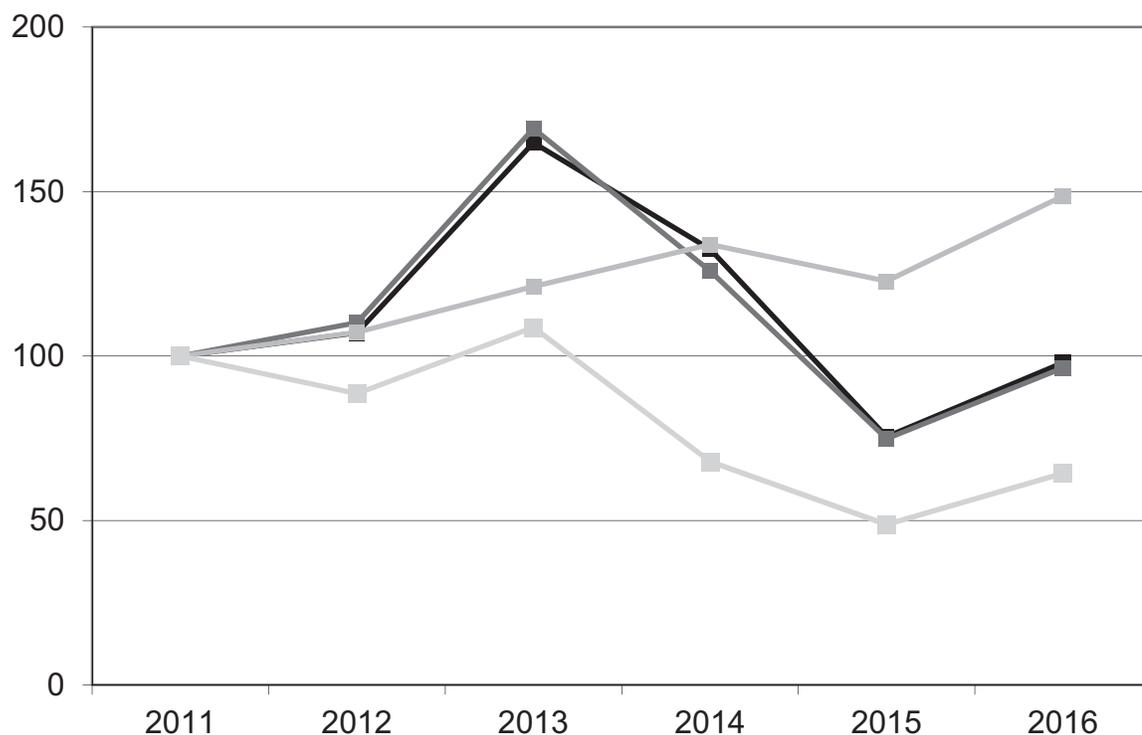
<sup>4</sup>In accordance with AKITA's accounting policies under IAS 19 (Rev. 2011) there is a service cost related to the supplemental benefits provided under agreements in place as of December 1, 1997 (1998 Benefits) and related to the additional benefits provided for Karl A. Ruud under agreements made in 2011 (2011 Benefits).

<sup>5</sup>The non-compensatory change in the accrued obligation includes the interest on the accrued obligation at the start of the year and changes in assumptions in the year.

<sup>6</sup>Darcy Reynolds, Raymond T. Coleman, Fred O. Hensel and Colin A. Dease do not participate in the defined benefit pension plan.

### Compensation linked to shareholder return

The graph below compares the cumulative value of \$100 invested in AKITA Class A Non-Voting Shares and Class B Common Shares (assuming reinvestment of dividends) commencing December 31, 2011 and ending December 31, 2016, with the cumulative value of \$100 invested in the S&P/TSX 300 Composite Index and the TSX Oil & Gas Drilling Sub-index over the same period.



	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
AKITA Class A	100	107	165	132	75	98
AKITA Class B	100	110	169	126	75	96
S&P/TSX Composite Index	100	107	121	134	123	149
TSX Oil & Gas Drilling Sub-index	100	89	109	68	49	64



**Karl A. Ruud**  
President and Chief Executive Officer

Age: 63  
Location: Calgary, Canada  
Years of Service: 41

Mr. Ruud has been President and Chief Executive Officer of the Company since July, 2009 and has been a senior officer of the Company since its formation. Mr. Ruud has extensive drilling knowledge in Canada and internationally and has a broad range of experience in all aspects of the Company's business. Mr. Ruud is responsible for all phases of performance for the Company and has been instrumental in the development and execution of the Company's pad rig strategy.

Under Mr. Ruud's guidance, AKITA's fleet of pad rigs increased from 8 rigs in 2009 to 17 rigs at the end of 2016. Over the same period, the Company carefully managed its borrowing obligations such that, at December 31, 2016, the Company held \$34.9 Million in positive working capital and no long term debt.

### 2016 Compensation

Mr. Ruud's compensation this year reflects AKITA's performance, as well as his overall performance and contribution to the Company.

The Board approved the following compensation for Mr. Ruud.

	2016 (\$)	2015 (\$)	2014 (\$)
<b>Cash</b>			
Base salary	468,000	511,350	512,500
Short-term incentive	-	25,000	85,000
<b>Total cash compensation</b>	<b>468,000</b>	<b>536,350</b>	<b>597,500</b>
<b>Equity</b>			
Long-term incentives			
Stock options	73,500	108,950	187,750
DSUs	-	85,000	60,000
<b>Total equity</b>	<b>73,500</b>	<b>193,950</b>	<b>247,750</b>
<b>Total direct compensation</b>	<b>541,500</b>	<b>730,300</b>	<b>845,250</b>

The following table provides a summary of securities beneficially owned, controlled or directed, directly or indirectly, by Mr. Ruud as of March 3, 2017. The information as to securities beneficially owned or controlled or directed has been furnished by Mr. Ruud. Securities information regarding shares purchased under the supplemental fee paid to each NEO was provided by the Company.

<b>Securities held</b>	
Class A Non-Voting Shares	42,541
Class A Non-Voting Options	310,000
Class B Common Shares	400



**Darcy Reynolds**  
Vice President, Finance and Chief Financial Officer

Age: 41  
Location: Calgary, Canada  
Years of Service: 5

Mr. Reynolds has been Vice President, Finance and Chief Financial Officer of the Company since March of 2017 previously Vice President, Finance, March 2016 and has been with the Company since January 2011. He is responsible for Finance, Accounting, Treasury, Taxation and Risk Management functions.

### 2016 Compensation

Mr. Reynolds' compensation this year reflects AKITA's performance, as well as his overall performance and contribution to the Company

GOCOM approved the following compensation for Mr. Reynolds.

	2016*	2015	2014
	(\$)	(\$)	(\$)
<b>Cash</b>			
Base salary	146,203	135,000	122,544
Short-term incentive	-	7,500	10,000
<b>Total cash compensation</b>	<b>146,203</b>	<b>142,500</b>	<b>132,544</b>
<b>Equity</b>			
Long-term incentives			
Stock options	11,025	-	-
DSUs	-	-	-
<b>Total equity</b>	<b>11,025</b>	<b>-</b>	<b>-</b>
<b>Total direct compensation</b>	<b>157,228</b>	<b>142,500</b>	<b>132,544</b>

\*Mr. Reynolds became an officer of the Company on May 1, 2016

The following table provides a summary of securities beneficially owned, controlled or directed, directly or indirectly, by Mr. Reynolds as of March 3, 2017. The information as to securities beneficially owned or controlled or directed has been furnished by Mr. Reynolds. Securities information regarding shares purchased under the supplemental fee paid to each NEO was provided by the Company.

Securities held	
Class A Non-Voting Shares	2,498
Class A Non-Voting Options	7,500
Class B Common Shares	-



**Raymond T. Coleman**  
Senior Vice President

Age: 50  
Location: Calgary, Canada  
Years of service: 32

Mr. Coleman has been Senior Vice President since November, 2015, was previously Vice President, Operations May, 2010 to October, 2015 and was previously Operations Manager from October, 2006 to April, 2010. He is responsible for the day-to-day operating performance and maintenance programs for the Company's rig fleet.

**2016 Compensation**

Mr. Coleman's compensation this year reflects AKITA's performance, as well as his overall performance and contribution to the Company.

GOCOM approved the following compensation for Mr. Coleman.

	2016 (\$)	2015 (\$)	2014 (\$)
<b>Cash</b>			
Base salary	243,000	265,500	266,250
Short-term incentive	-	10,000	45,000
<b>Total cash compensation</b>	<b>243,000</b>	<b>275,500</b>	<b>311,250</b>
<b>Equity</b>			
Long-term incentives			
Stock options	22,050	32,685	56,325
DSUs	-	45,000	15,000
<b>Total equity</b>	<b>22,050</b>	<b>77,685</b>	<b>71,325</b>
<b>Total direct compensation</b>	<b>265,050</b>	<b>353,185</b>	<b>382,575</b>

The following table provides a summary of securities beneficially owned, controlled or directed, directly or indirectly, by Mr. Coleman as of March 3, 2017. The information as to securities beneficially owned or controlled or directed has been furnished by Mr. Coleman. Securities information regarding shares purchased under the supplemental fee paid to each NEO was provided by the Company.

<b>Securities held</b>	
Class A Non-Voting Shares	17,281
Class A Non-Voting Options	92,500
Class B Common Shares	-



**Fred O. Hensel**  
Vice President, Marketing

Age: 56  
Location: Calgary, Canada  
Years of service: 37

Mr. Hensel has been Vice President, Marketing since May, 2009 and was previously Vice President, Marketing for the South from May, 2006 to April, 2009. Experienced in both marketing and operations, Mr. Hensel is responsible for the attainment of term drilling contracts, maintaining market share and ensuring that the Company fosters strong business relations with the top oil and gas companies in the industry.

### 2016 Compensation

Mr. Hensel's compensation this year reflects AKITA's performance, as well as his overall performance and contribution to the Company.

GOCOM approved the following compensation for Mr. Hensel.

	2016 (\$)	2015 (\$)	2014 (\$)
<b>Cash</b>			
Base salary	177,312	193,750	195,000
Short-term incentive	-	7,500	35,000
<b>Total cash compensation</b>	<b>177,312</b>	<b>201,250</b>	<b>230,000</b>
<b>Equity</b>			
Long-term incentives			
Stock options	11,025	16,343	28,163
DSUs	-	35,000	10,000
<b>Total equity</b>	<b>11,025</b>	<b>51,343</b>	<b>38,163</b>
<b>Total direct compensation</b>	<b>188,337</b>	<b>252,593</b>	<b>268,163</b>

The following table provides a summary of securities beneficially owned, controlled or directed, directly or indirectly, by Mr. Hensel as of March 3, 2017. The information as to securities beneficially owned or controlled or directed has been furnished by Mr. Hensel. Securities information regarding shares purchased under the supplemental fee paid to each NEO was provided by the Company.

<b>Securities held</b>	
Class A Non-Voting Shares	28,675
Class A Non-Voting Options	55,000
Class B Common Shares	-



**Colin A. Dease**  
Corporate Secretary

Age: 42  
Location: Calgary, Canada  
Years of service: 6

Mr. Dease has been Corporate Secretary since his hiring in November, 2011. Mr. Dease is an experienced lawyer by profession, having worked previously in public practice for a major legal firm and subsequently in the public sector. In addition to his role as corporate secretary Mr. Dease is responsible for the Company's First Nations, Métis and Inuvialuit joint ventures and for developing new business opportunities.

### 2016 Compensation

Mr. Dease's compensation this year reflects AKITA's performance, as well as his overall performance and contribution to the Company.

GOCOM approved the following compensation for Mr. Dease.

	2016 (\$)	2015 (\$)	2014 (\$)
<b>Cash</b>			
Base salary	155,328	165,050	165,000
Short-term incentive	-	7,500	15,000
<b>Total cash compensation</b>	<b>155,328</b>	<b>172,550</b>	<b>180,000</b>
<b>Equity</b>			
Long-term incentives			
Stock options	11,025	16,343	28,163
DSUs	-	15,000	10,000
<b>Total equity</b>	<b>11,025</b>	<b>31,343</b>	<b>38,163</b>
<b>Total direct compensation</b>	<b>166,353</b>	<b>203,893</b>	<b>218,163</b>

The following table provides a summary of securities beneficially owned, controlled or directed, directly or indirectly, by Mr. Dease as of March 3, 2017. The information as to securities beneficially owned or controlled or directed has been furnished by Mr. Dease. Securities information regarding shares purchased under the supplemental fee paid to each NEO was provided by the Company.

<b>Securities held</b>	
Class A Non-Voting Shares	9,062
Class A Non-Voting Options	32,500
Class B Common Shares	-

# 2016 COMPENSATION DETAILS

## Summary compensation table

The table below summarizes the total compensation for each of the NEOs that was received or awarded for the years ended December 31, 2014, 2015 and 2016.

	Salary	Share based awards	Option based awards	Non-equity incentive plan compensation		Pension value	All other compensation <sup>(1)(2)</sup>	Total compensation
				Annual incentive plans	Long term incentive plans			
<b>Karl A. Ruud</b>								
2016	468,000	-	73,500	-	-	264,474	19,965	825,939
2015	511,350	85,000	108,950	25,000	-	260,849	18,852	1,010,001
2014	512,500	60,000	187,750	85,000	-	216,805	18,729	1,080,784
<b>Darcy Reynolds</b>								
2016	146,203	-	11,025	-	-	7,289	12,858	177,375
2015	135,000	-	-	7,500	-	6,775	1,179	150,454
2014	122,544	-	-	10,000	-	6,127	1,018	139,689
<b>Murray J. Roth</b>								
2016 <sup>2</sup>	338,231	-	-	-	-	23,034	14,008	375,273
2015	281,250	45,000	32,685	10,000	-	113,458	25,303	507,696
2014	283,250	25,000	56,325	45,000	-	70,239	25,326	505,140
<b>Raymond T. Coleman</b>								
2016	243,000	-	22,050	-	-	12,150	30,632	307,832
2015	265,500	45,000	32,685	10,000	-	13,275	33,977	400,437
2014	266,250	15,000	56,325	45,000	-	13,312	52,310	448,197
<b>Fred O. Hensel</b>								
2016	177,312	-	11,025	-	-	8,866	39,760	236,963
2015	193,750	35,000	16,343	7,500	-	9,887	40,858	303,338
2014	195,000	10,000	28,163	35,000	-	9,751	41,133	319,047
<b>Colin A. Dease</b>								
2016	155,328	-	11,025	-	-	7,766	14,841	188,960
2015	165,050	15,000	16,343	7,500	-	8,253	14,065	226,211
2014	165,000	10,000	28,163	15,000	-	8,251	14,000	240,414

<sup>1</sup> "All other compensation" includes the Company's contributions to the group RRSP and a supplemental fee of \$14,000 per NEO, of which \$10,000 was used to purchase Class A Non-Voting Shares and \$4,000 was remitted on behalf of income tax. For certain NEOs, "all other compensation" includes an automobile allowance, golf club membership or taxable benefit on life insurance premiums. The following table includes the "all other compensation" amount for each NEO in 2016:

<sup>2</sup> Mr. Roth retired from the Company in June of 2016.

Name	Supplemental fee (\$)	Group RRSP contributions (\$)	Automobile allowance (\$)	Golf membership (\$)	Employee share purchase benefit (\$)	Taxable value of life insurance premiums (\$)	Total "all other compensation" (\$)
Karl A. Ruud	14,000	-	-	4,398	-	1,567	19,965
Darcy Reynolds	10,500	676	-	-	731	951	12,858
Raymond T. Coleman	14,000	8,100	-	4,398	3,645	498	30,632
Fred O. Hensel	14,000	8,866	10,800	3,434	2,660	-	39,760
Colin A. Dease	14,000	841	-	-	-	-	14,841

Perquisites and other personal benefits received by each NEO did not exceed the lesser of \$50,000 or 10% of total annual salary and bonus.

## Outstanding option-based and share-based awards

The table below shows the total holdings and value of options and SARs held by the NEOs at the end of the year. No options or SARs were exercised in 2016 by any of the following NEOs.

	Aggregate holdings and value of Options, SARs and DSUs held on December 31, 2016				Options, SARs and DSUs exercised in 2016	
	Number of unexercised options/SARs/DSUs (#)		Value of unexercised in-the-money options/SARs/DSUs (\$)		Securities acquired on exercise (#)	Aggregate value realized (\$)
	Exercisable	Unexercisable	Exercisable	Unexercisable		
<b>Karl A. Ruud</b>						
Options	210,000	60,000	13,200	52,800	-	N/A
SARs	-	-	N/A	N/A	-	N/A
DSUs	12,804	-	108,198	-	-	N/A
<b>Darcy Reynolds</b>						
Options	1,500	6,000	1,320	5,280	-	N/A
SARs	-	-	N/A	N/A	-	N/A
DSUs	-	-	-	-	-	N/A
<b>Raymond T. Coleman</b>						
Options	62,500	18,000	3,960	15,840	-	N/A
SARs	-	-	N/A	N/A	-	N/A
DSUs	5,662	-	47,843	-	-	N/A
<b>Fred O. Hensel</b>						
Options	38,500	9,000	1,980	7,920	-	N/A
SARs	-	-	N/A	N/A	-	N/A
DSUs	4,293	-	36,273	-	-	N/A
<b>Colin A. Dease</b>						
Options	16,500	8,500	1,980	7,920	-	N/A
SARs	-	-	N/A	N/A	-	N/A
DSUs	2,220	-	18,763	-	-	N/A

## OTHER INFORMATION

### **Indebtedness of Officers and Directors**

No officer or director of the Company had any indebtedness, whether routine or otherwise, to the Company at any time during the year, or to the date of this Management Information Circular.

### **Directors and officers liability insurance**

AKITA has purchased insurance with an annual aggregate limit of \$45,000,000. Coverage for the Company, its directors and officers is \$45,000,000. AKITA paid an insurance premium of \$84,500 in the financial year ended December 31, 2016. No part of the premium was paid by a director or officer. AKITA is responsible for the first \$200,000 of any loss and there is no deductible in respect of claims against any director or officer.

### **For more information**

Additional information about AKITA is available on SEDAR at [www.sedar.com](http://www.sedar.com). Information about AKITA's business is provided in its Annual Information Form dated March 2, 2017. Financial information is provided in AKITA's financial statements and the management's discussion and analysis for the year ended December 31, 2016. Copies of these documents, AKITA's interim consolidated financial statements and additional copies of this Management Information Circular may be obtained upon request from the Corporate Secretary at 1000, 333 - 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

Corporate information, including our privacy commitment, is also available on AKITA's website: [www.akita-drilling.com](http://www.akita-drilling.com).

# SCHEDULE A - BOARD OF DIRECTORS MANDATE

The Board of Directors (the "Board") of AKITA Drilling Ltd. (the "Corporation") is responsible for the stewardship of the Corporation and for overseeing the conduct of the business of the Corporation and the activities of management, who are responsible for the day-to-day conduct of the business.

## Composition and Operation

The Board operates by reserving certain powers to itself and delegating certain of its authorities to management. The Board retains responsibility for managing its own affairs, including selecting its chair, planning its composition and size, nominating candidates for election to the Board, determining independence of Board members, constituting Committees of the Board, determining director compensation, periodically discussing matters of interest separate from and independent of any influence from management, and assessing the effectiveness of the Board, Committees and directors in fulfilling their responsibilities. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act* (Alberta), the Board may constitute, seek the advice of, and delegate powers, duties and responsibilities to, Committees of the Board.

## Responsibilities

The Board's primary responsibilities are to enhance and preserve long-term shareholder value and to ensure that the Corporation meets its obligations on an on-going basis and operates in a reliable and prudent manner. In performing its duties, the Board should also consider the legitimate interests of other interested parties, such as employees, customers and communities, may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination, communication planning, and internal control integrity. More specifically, the Board is responsible for:

- (a) satisfying itself as to the integrity of the Chief Executive Officer ("CEO") and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
- (b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan for the Corporation which takes into account, among other things, the opportunities and risks of the business;
- (c) identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- (d) succession planning (including appointing and monitoring officers);
- (e) adopting a communication policy for the Corporation that includes measures for receiving feedback from interested parties;
- (f) the Corporation's internal control and management information systems;
- (g) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation; and
- (h) on an individual basis, attending all Board meetings, reviewing meeting materials in advance of meetings, and complying with the other expectations and responsibilities of directors of the Corporation established by the Board.

## Specific Duties

The Board's specific duties, obligations and responsibilities fall into the following categories:

### 1. *Legal Requirements*

- (a) The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for properly preparing, approving and maintaining the Corporation's documents and records.
- (b) The Board has the statutory obligation to:
  - (i) supervise the management of the business and affairs of the Corporation;
  - (ii) act honestly and in good faith with a view to the best interests of the Corporation;
  - (iii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
  - (iv) act in accordance with its obligations contained in the *Business Corporations Act* (Alberta) and the regulations thereunder, the Corporation's articles and by-laws, and other relevant legislation and regulations.
- (c) The Board has the statutory obligation to consider certain matters as a board of directors. The Board may not delegate to management or to a Committee of the Board the authority to:
  - (i) submit to the shareholders any question or matter requiring the approval of the shareholders;
  - (ii) fill a vacancy among the directors or in the office of auditor, or appoint additional Directors;
  - (iii) issue securities except in the manner and on the terms authorized by the Board;
  - (iv) declare dividends;
  - (v) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
  - (vi) pay a commission to any person in consideration of the person purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation;
  - (vii) approve any management proxy circular relating to a solicitation of proxies by or on behalf of the management of the Corporation;
  - (viii) approve any take-over bid circular or directors' circular;
  - (ix) approve any annual financial statements of the Corporation; or
  - (x) adopt, amend or repeal by-laws.

### 2. *Independence*

The Board is responsible for implementing appropriate structures and procedures to permit the Board to function independently of management.

### 3. *Strategic Planning*

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for the Corporation and participating with management, at least annually, directly or through its Committees in approving the strategic plan by which the Corporation proposes to achieve its goals.

4. *Risk Management*

The Board is responsible for understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

5. *Appointment, Training and Monitoring of Senior Management*

The Board is responsible for:

- (a) appointing the CEO of the Corporation, monitoring and assessing the CEO's performance, determining the CEO's compensation, and providing advice and counsel to the CEO in the execution of the CEO's duties;
- (b) approving the appointment and remuneration of all officers of the Corporation; and
- (c) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

6. *Reporting and Communication*

The Board is responsible for:

- (a) verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other interested parties and the public generally;
- (b) verifying that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (c) verifying that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles;
- (d) verifying the timely reporting of any other developments that have a significant and material effect on the value of the Corporation; and
- (e) reporting annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year.

7. *Monitoring and Acting*

The Board is responsible for:

- (a) verifying that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards;
- (b) approving and monitoring compliance with the significant policies and procedures by which the Corporation is operated;
- (c) verifying that the Corporation sets appropriate environmental standards in its operations and is in compliance with environmental laws and legislation;
- (d) verifying that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace;
- (e) monitoring the Corporation's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances;
- (f) taking action when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant;
- (g) verifying that the Corporation has implemented adequate disclosure controls and procedures and internal control and information systems;
- (h) ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to effectively perform its duties;

- (i) adopting a written code of business conduct and ethics and monitoring compliance with the code; and
- (j) conducting and acting upon annual assessments and evaluations of the Board, Committees of the Board and individual directors.

8. *Other*

The Board may perform any other activities consistent with this mandate, the Corporation's articles and by-laws, and any other governing laws, as the Board deems necessary or appropriate.

9. *Review of Mandate*

On an annual basis, the Board shall review its objectives and responsibilities, and consider any changes to its Mandate, as the Board deems necessary or as recommended by the Corporate Governance, Nomination, Compensation and Succession Committee, prior to approving same.

# SCHEDULE B - BOARD COMMITTEE REPORTS

The following are reports of each Board Committee as of December 31, 2016. These reports provide details on the activities of each Committee.

## Audit Committee

Members: Loraine M. Charlton (Chair), Harish K. Mohan, Dale R. Richardson and Henry G. Wilmot.

During 2016, the Audit Committee held four meetings and, in accordance with its mandate, achieved the following:

### Financial Reports

- Reviewed and approved, as delegated by the Board of Directors, quarterly consolidated financial statements, management's discussion and analysis, and earnings news releases;
- Reviewed and recommended for Board approval the annual consolidated financial statements, management's discussion and analysis, annual information form and earnings news release;
- Reviewed and approved significant changes in the Company's accounting principles, practices or policies; and
- Received quarterly updates on changes to accounting standards.

### Internal Controls

- Reviewed reports on the design and effectiveness of disclosure controls and procedures and internal control over financial reporting;
- Reviewed the procedures for the review and disclosure of financial information;
- Reviewed updates on selected asset balances;
- Reviewed the mandate of the Disclosure Committee and the Disclosure Policy prior to recommending adoption to GOCOM;
- Reviewed the mandate of the Risk Management Committee prior to recommending adoption to GOCOM;
- Reviewed the Company's evaluation of risk utilizing the *COSO* framework; and
- Received confirmation of Chief Executive Officer/Chief Financial Officer Certifications on a quarterly basis.

### External Auditor

- Recommended for shareholder approval the appointment of the external auditor;
- Reviewed and approved the external auditor's plan for quarterly reviews and the annual audit;
- Reviewed and recommended for Board approval the external auditor's compensation;
- Reviewed and approved non-audit services by the external auditor;
- Reviewed the external auditor's report on its internal quality control procedures;
- Reviewed and assessed the external auditor's independence;
- Received reports from the external auditor on the quarterly consolidated financial statements and management's discussion and analysis;

- Received reports from the external auditor on the annual consolidated financial statements, management’s discussion and analysis, and annual information form; and
- Met quarterly with the external auditor without the presence of management.

The following table shows the fees relating to services provided by PricewaterhouseCoopers for the past two years (\$ thousands).

<b>For the year ended December 31</b>	<b>2016</b>	<b>2015</b>
Audit	208	214
Audit related	64	61
Tax	3	2
<b>Total</b>	<b>275</b>	<b>277</b>

#### **Other**

- Monitored the application of the procedures established by the Committee for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters;
- Reviewed policies regarding the Company’s Code of Business Conduct;
- Reviewed the expense accounts of the President and Chief Executive Officer; and
- Reviewed the mandate of the Audit Committee prior to recommending adoption to GOCOM.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2016

### **Corporate Governance, Nomination, Compensation and Succession Committee (GOCOM)**

Members: Charles W. Wilson (Chair), Loraine M. Charlton, Harish K. Mohan and Dale R. Richardson.

The Committee held two meetings in 2016. During those meetings the Committee reviewed and made recommendations regarding the following:

- The Chief Executive Officer’s performance, related annual bonus and base salary;
- Annual bonuses and base salaries of senior executive officers;
- Remuneration targets and the Chief Executive Officer’s objectives;
- Succession plans for the Chief Executive Officer and senior executive officers;
- Amendments to compensation plans;
- Officer appointments;
- Corporate governance disclosure;
- Grants of stock options and share appreciation rights;
- Officers’ supplemental pension plan;
- Board Committee, Board and individual director evaluation processes;
- Board Committee and Board mandate evaluations;

- Nominees for directors, subject to the approval of the Board and election by the shareholders; and
- Directors' compensation.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2016.

## **Pension Committee**

Members: Harish K. Mohan (Chair), Linda A. Southern-Heathcott, Karl A. Ruud, Craig W. Kushner and Raymond T. Coleman.

The Committee held four meetings in 2016 and, in accordance with its mandate, achieved the following:

- Reviewed the investment performance within the Company Defined Contribution Pension Plan and determined the allocation of new and existing investments against targeted amounts;
- Reviewed reports on the macro investment climate including forecasted expectations;
- Reviewed and evaluated alternative investing strategies;
- Evaluated the effectiveness of communications programs to the members;
- Appointed and monitored the Company Defined Contribution Pension Plan's fund custodian and investment manager;
- Reviewed the effectiveness of complementary retirement programs; and
- Reviewed the mandate of the Pension Committee prior to recommending adoption to GOCOM.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2016.

# SCHEDULE C - STOCK OPTION PLAN

## 1. *The Plan*

A Stock Option Plan (the "Plan") pursuant to which options to purchase Class A Non-Voting Shares ("Shares") in the capital of Akita Drilling Ltd. (the "Corporation") may be granted to the directors, officers and key employees of the Corporation and to consultants retained by the Corporation is hereby established on the terms set forth below.

## 2. *Purpose*

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and key employees of the Corporation and consultants retained by the Corporation to acquire Shares, thereby (i) increasing the proprietary interests of such persons in the Corporation, (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally, (iii) encouraging such persons to remain associated with the Corporation, and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

## 3. *Administration*

- (a) This Plan shall be administered by the board of directors of the Corporation (the "Board").
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options) as it shall determine. Subject to Section 19, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder, (ii) prescribe, amend and rescind rules and regulations relating to this Plan and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.
- (c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other officer of the Corporation. Whenever used herein, the term "Board" shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated the administration and operation of this Plan pursuant to this Section 3.
- (d) Options to purchase the Shares granted hereunder ("Options") shall be evidenced by an agreement, signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve.

## 4. *Shares Subject to Plan*

- (a) Subject to Section 16 below, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares. Whenever used herein, the term "Shares" shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option the terms of which have been modified in accordance with Section 16 below.

- (b) The aggregate maximum number of Shares issuable upon the exercise of all Options granted under this Plan shall be 3,200,000, unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are listed to exceed such threshold.
- (c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any unpurchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

5. *Maintenance of Sufficient Capital*

The Corporation shall at all times during the term of this Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.

6. *Eligibility and Participation*

- (a) The Board may, in its discretion, select any of the following persons to participate in this Plan:
  - (i) directors of the Corporation;
  - (ii) officers of the Corporation;
  - (iii) key employees of the Corporation; and
  - (iv) consultants retained by the Corporation, provided such consultants have performed and continue to perform services for the Corporation on an ongoing basis or are expected to provide a service of considerable value to the Corporation;

(any such person having been selected for participation in this Plan by the Board is herein referred to as a "Participant").

- (b) The Board may from time to time, in its discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein, provided that Options granted to any Participant shall be approved by the shareholders of the Corporation if the rules of any stock exchange on which the Shares are listed require such approval.

7. *Exercise Price*

Options may be exercised at a price (the "Exercise Price") which shall be fixed by the Board at the time that the Option is granted. No Option shall be granted with an Exercise Price that is less than the volume weighted average trading price of the Shares on the Toronto Stock Exchange (the "TSX") (or, if the Shares are not listed on the TSX, on the stock exchange on which the Shares are traded) for the five trading days immediately preceding the date of the grant of the Option.

8. *Number of Optioned Shares*

The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted.

9. *Term*

The period during which an Option may be exercised (the "Option Period") shall be determined by the Board at the time the Option is granted, subject to any vesting limitations which may be imposed by the Board at the time such Option is granted, provided that:

- (a) the Option Period shall be automatically reduced in accordance with Sections 11 and 12 below upon the occurrence of any of the events referred to therein; and
- (b) no Option in respect of which shareholder approval is required under the rules of any stock exchange or exchanges on which the Shares are listed shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation.

10. *Method of Exercise of Option*

- (a) Except as set forth in Sections 11, 12 and 17 below, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a director, officer, employee or consultant of the Corporation.
- (b) Options may be exercised in whole or in part.
- (c) Any Participant (or his legal, personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Calgary, Alberta:
  - (i) a written notice expressing the intention of such Participant (or his legal, personal representative) to exercise his Option and specifying the number of Shares in respect of which the Option is exercised; and
  - (ii) a cash payment, cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised.
- (d) Upon the exercise of an Option as aforesaid, the Corporation shall forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares as the Participant (or his legal, personal representative) shall have then paid for.

11. *Ceasing to be a Director, Officer, Employee or Consultant*

If any Participant who is a director, officer, employee or consultant of the Corporation shall cease to be a director, officer, employee or consultant of the Corporation for any reason other than death, permanent disability or normal retirement, his Option will terminate at 5:00 p.m. (Calgary time) on the earlier of the date of the expiration of the Option Period and the ninetieth (90<sup>th</sup>) day after the date such Participant ceases to be a director, officer, employee or consultant of the Corporation.

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall (i) confer upon such Participant any right to continue as a director, officer, employee or consultant of the Corporation, as the case may be, or (ii) be construed as a guarantee that the Participant will continue as a director, officer, employee or consultant of the Corporation, as the case may be.

12. *Death, Permanent Disability or Normal Retirement of a Participant*

In the event of the death, permanent disability or normal retirement of a Participant, any Option previously granted to him shall be exercisable until the end of the Option Period or until the expiration of twelve (12) months from the date of death, permanent disability or normal retirement of such Participant, whichever is earlier, and then, in the event of death or permanent disability, only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law; and
- (b) to the extent that he was entitled to exercise the Option as at the date of his death or permanent disability.

13. *Black Out Period*

Notwithstanding Section 9, if the Option Period of an Option expires during or within ten (10) business days after a black out period imposed by the Corporation ("Black Out Period"), then the Option Period of such Option shall be extended to the date which is ten (10) business days after the last day of the Black Out Period, after which time such Option shall expire and terminate.

14. *Rights of Participants*

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

15. *Proceeds from Exercise of Options*

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

16. *Adjustments*

- (a) The number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation, and in any such event a corresponding adjustment shall be made changing the number of Shares deliverable upon the exercise of any Option granted prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share covered by the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under this Plan and to prevent their dilution or enlargement.
- (b) Adjustments under this Section 16 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued under this Plan on any such adjustment.

17. *Sale of Assets/Change of Control*

- (a) Notwithstanding the provisions of Section 11, if there is a sale by the Corporation of all or substantially all of its assets or if there is a Change of Control of the Corporation, then a Participant shall be entitled to exercise in full or in part each Option granted to the Participant under the Plan, whether vested or not, until the earlier of:
  - (i) the last day of the Option Period, and
  - (ii) the ninetieth (90<sup>th</sup>) day after the date of termination of the Participant's status (i.e., director, officer or employee) with the Corporation or a subsidiary of the Corporation at the time and under which the Option was granted.
- (b) For the purposes of the Plan, a "Change of Control" of the Corporation means or shall be deemed to have occurred upon the acceptance by the holders of Class B Common Shares of the Corporation, representing in the aggregate more than 50% of all issued Class B Common Shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the Class B Common Shares of the Corporation; provided, however, that a Change of Control shall not occur as a result of any transaction undertaken in connection with the conversion of the Corporation to a trust if the shareholders of the Corporation immediately prior to the implementation of the initial transaction involved in such conversion will, upon completion of such conversion, own more than 50% of the voting securities of the trust resulting from such conversion.

18. *Transferability*

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Participant any Options granted hereunder may only be exercised by the Participant and in the event of the death or permanent disability of a Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law.

19. *Amendment and Termination of Plan*

The Board may, at any time, suspend or terminate this Plan. The Board may also at any time, without shareholder approval, add to or repeal any of the terms of the Plan or any Options and, without limiting the generality of the foregoing, may make the following changes, deletions, revisions or amendments ("amendments"):

- (a) any amendment to the vesting provisions of the Plan or any Option;
- (b) any amendment to the termination provisions of the Plan or any Option, provided that such amendment does not entail an extension beyond the expiry date of the Option as provided for in Sections 9 and 13;
- (c) any amendment to the persons eligible to receive Options or otherwise relating to the eligibility of anyone to receive Options other than an amendment which would have the potential of broadening or increasing insider participation;
- (d) any amendment with respect to the method or manner of exercise of any Option;
- (e) any amendment of a "housekeeping" nature; and

- (f) any other amendment that under the rules of the TSX (or such other stock exchange on which the Shares may be listed) does not require shareholder approval;

provided that no such addition, repeal, or amendment shall in any manner materially adversely affect the rights of any Participant under any Options theretofore granted under the Plan without such Participant's consent.

This Section 19 is intended to provide the Board with the broadest scope of amendment powers permitted by the rules of the TSX (or such other stock exchange on which the Shares may be listed), as such rules may be amended from time to time.

#### 20. *Necessary Approvals*

The obligation of the Corporation to issue and deliver Shares in accordance with this Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

#### 21. *Right to Issue Other Shares*

The Corporation shall not by virtue of the Plan be in any way restricted from declaring and paying stock dividends, issuing further Shares or other securities, varying or amending its share capital or corporate structure, establishing other or additional security based compensation arrangements, or conducting its business in any way whatsoever; provided, however, that the number of the Corporation's securities

- (a) issued to insiders of the Corporation, within any one year period, and
- (b) issuable to insiders of the Corporation, at any time,

under the Plan, or when combined with all of the Corporation's other security based compensation arrangements, shall not exceed 10% of the Corporation's total issued and outstanding securities.

#### 22. *Stock Exchange Rules*

- (a) This Plan and any option agreements entered into hereunder shall comply with the requirements of the stock exchange or exchanges on which the Shares are listed.
- (b) This Plan has been adopted by the Board subject to the approval of the TSX.

#### 23. *Gender*

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

#### 24. *Interpretation*

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

AMENDED AND RESTATED this 9<sup>th</sup> day of May, 2017.



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