

# **ONENERGY INC.**

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

**to be held on May 17, 2016**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**ONENERGY INC.**

**155 Gordon Baker Road  
Suite 301  
Toronto, Ontario  
M2H 3N5**

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

**NOTICE IS HEREBY GIVEN THAT** the annual and special meeting, (the “**Meeting**”) of shareholders (the “**Shareholders**”) of ONEnergy Inc. (the “**Corporation**”) will be held at 155 Gordon Baker Road, Suite 114, Toronto, Ontario, M2H 3N5, May 17, 2016 at 10:00 a.m. (Toronto time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2015, together with the report of the auditors thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint the auditors and authorize the directors to fix their remuneration;
4. to consider and, if thought advisable, to pass, with or without variation, a resolution confirming a new general by-law in the form set out in the Circular (as defined below) (the "By-law Resolution"); and
5. to transact such other business as may properly be brought before the Meeting.

Particulars of the foregoing matters are set forth in the management information circular dated March 31, 2016 (the “Circular”). The Corporation has elected to use the notice-and-access provisions under National Instrument 51-102 - Continuous Disclosure Obligations and National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer (collectively, the “Notice and-Access Provisions”) adopted by the Canadian Securities Administrators for this Meeting to reduce its mailing costs and volume of paper with respect to the materials distributed for the purpose of the Meeting. The Notice-and-Access Provisions are a set of rules that permit the Corporation to post the Meeting materials, 2015 Financial Statements and accompanying management’s discussion and analysis (“MD&A”) online rather than making a traditional physical delivery of such materials. Paper copies of the Corporation’s Meeting materials will only be mailed to those shareholders who have previously requested paper copies. All other shareholders will receive a notice and access notification which will contain information on how to obtain either electronic or paper copies of the Meeting materials in advance of the Meeting.

Registered shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and send it in the enclosed envelope which has been provided for that purpose. Proxies, to be valid, must be deposited at the registrar and transfer agent of the Corporation, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, Canada, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, preceding the Meeting or an adjournment thereof. If you are not a registered shareholder of the Corporation, a VIF, instead of a form of proxy, may be enclosed. You must follow the instructions, including deadlines for submission, on the VIF in order to vote your shares.

Only holders of Common Shares of record at the close of business on April 4, 2016 (the "Record Date") are entitled to notice of and to participate at the Meeting and any adjournment or postponement thereof.

Shareholders are directed to read the Circular carefully and in full in evaluating the matters for consideration at the Meeting. Further disclosure on the matters set out above may be found in the Circular in the section

entitled “Business of the Meeting”. The Circular, 2015 Financial Statements, MD&A and other relevant materials are available on the Corporation’s website at <http://www.envisionreports.com/onenergy/AGM2016>, for a minimum of one year, and under the Corporation’s directory on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at [www.sedar.com](http://www.sedar.com). Any shareholder who wishes to receive a paper copy of such documents free of charge should contact the Corporation at 155 Gordon Baker Road, Suite 301, Toronto, Ontario M2H 3N5, Attention: Chief Financial Officer, by email at [irinfo@onenergy.com](mailto:irinfo@onenergy.com), or by calling toll-free at 1-855-753-2507. In order to be certain of receiving such materials in time to vote before the Meeting, the request should be received by the Corporation by May 5, 2016. A shareholder may also use the toll-free number noted above to obtain additional information about the Notice-and-Access Provisions.

**DATED** at Toronto, Ontario as of the 31st day of March, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Stephen J.J. Letwin”*

**Stephen J.J. Letwin**  
**Chairman of the Board**

## **ONENERGY INC.**

### **MANAGEMENT INFORMATION CIRCULAR AS AT MARCH 31, 2016.**

#### **PART 1 - SOLICITATION OF PROXIES BY MANAGEMENT**

This management information circular (the “Management Information Circular”) is furnished in connection with the solicitation by the management of ONEnergy Inc., (the “Corporation”) of proxies to be used at the annual and special meeting (the “Meeting”) of shareholders of the Corporation (the “Shareholders”) to be held at the time and place and for the purposes set out in the notice of meeting (the “Notice of Meeting”). It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, facsimile, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Except as otherwise stated, the information herein contained is given as of March 31, 2016.

#### **NOTICE-AND-ACCESS**

The Corporation is using the “Notice-and-Access” provisions of Canadian securities rules that came into effect on February 11, 2013, under National Instrument 54-101 – “Communication with Beneficial Owners of Securities of a Reporting Issuer” and National Instrument 51-102 – “Continuous Disclosure Obligations”, for distribution of the meeting materials to Shareholders (collectively, the “Notice and-Access Provisions”) adopted by the Canadian Securities Administrators for this Meeting to reduce its mailing costs and volume of paper with respect to the materials distributed for the purpose of the Meeting. The Notice-and-Access Provisions are a set of rules that permit the Corporation to post the Meeting materials, 2015 Financial Statements and accompanying management’s discussion and analysis (“MD&A”) online rather than making a traditional physical delivery of such materials, unless specifically requested. Shareholders will still receive this Notice of Meeting, together with a form of proxy (the “Proxy Instrument”) or voting instruction form (“VIF”), as the case may be. The Corporation will not use procedures known as “stratification” in relation to the use of the Notice-and-Access Provisions. Using notice-and-access directly benefits the Corporation through a substantial reduction in both postage and material costs and also helps the environment through a substantial decrease in the amount of paper documents that are ultimately discarded.

#### **WEBSITE WHERE INVESTOR MATERIALS ARE POSTED**

Electronic copies of investor materials related to this Meeting, including this Circular and the Corporation's 2015 audited financial statements and MD&A, can be found, reviewed and downloaded from <http://www.envisionreports.com/onenergy/AGM2016>, for a minimum of one year, or under the Corporation's profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at [www.sedar.com](http://www.sedar.com).

#### **PAPER COPIES OF INVESTOR MATERIALS**

Paper copies of the Corporation’s Meeting materials will only be mailed to those shareholders who have previously requested paper copies. All other shareholders will receive a notice and access notification which will contain information on how to obtain either electronic or paper copies of the Meeting materials in advance of the Meeting. Any shareholder who wishes to receive a paper copy of such documents free of charge should contact the Corporation at 155 Gordon Baker Road, Suite 301, Toronto, Ontario M2H 3N5, Attention: Chief Financial Officer, by email at [irinfo@onenergy.com](mailto:irinfo@onenergy.com), or by calling toll-free at 1-855-753-2507. In order to be certain of receiving such materials in time to vote before the Meeting, the request should be received by Computershare Investor Services Inc. by May 5, 2016. A shareholder may also use the toll-free number noted above to obtain additional information about the Notice-and-Access Provisions.

## APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. A Shareholder has the right to appoint as his or her proxy a person or company, who need not be a Shareholder, other than those whose names are printed on the accompanying form of proxy. **A Shareholder who wishes to appoint some other person or company to represent him or her at the Meeting may do so either by inserting such other person's or company's name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.** Where the Shareholder is a corporation, the form of proxy must be executed by an individual duly authorized to represent the corporation and must be accompanied by a resolution of the board of directors of such corporation providing evidence of such authorization.

A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Corporation's transfer agent and registrar, Computershare Investor Services Inc. at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof at which the proxy is to be used, or deliver it to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, prior to the time of voting.

A Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 prior to 5:00 p.m. on the last business day immediately preceding the Meeting or any adjournment thereof, or with the Chairman of the Meeting before the commencement of the Meeting or at any adjournment thereof.

## EXERCISE OF DISCRETION BY PROXIES

**Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted for: (i) the election of directors; (ii) the appointment of auditors; and (iii) the By-law Resolution (as herein defined); in each case, as stated under such headings in this Management Information Circular.** Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Management Information Circular, management of the Corporation knows of no such amendments, variations, or other matters.

## SHARES

As at March 31, 2016, there were 24,122,507 Common Shares in the capital of the Corporation (the "**Common Shares**") issued and outstanding. Each Common Share entitles the holder thereof to one (1) vote.

The Corporation has fixed April 4, 2016 as the record date (the "**Record Date**") for the purpose of determining Shareholders entitled to receive notice of and to vote at the Meeting. Pursuant to the *Business Corporations Act* (Ontario) (the "**OBCA**"), the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of Shareholders entitled to receive notice of and to vote at the Meeting as of the Record Date that shows the number of shares held by each Shareholder. A Shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of Shareholders is available for inspection during usual business hours at the head office of the Corporation and at the Meeting.

## NON-REGISTERED SHAREHOLDERS

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the shares of the Corporation, such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has distributed copies of the Notice of Meeting and this Management Information Circular (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose.

Non-Registered Holders will either:

- (a) typically, be provided with a computerized form (often called a “voting instruction form”) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions from the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the internet or through a toll-free telephone number; or
- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare Investor Services Inc., (Attention: Proxy Department), 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares of the Corporation which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare Investor Services Inc., at the address set out above.

**In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where, and by what means the voting instruction form or proxy form must be delivered.**

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation that is not received by the Intermediary at least seven days prior to the Meeting.

The Corporation may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of Common Shares, such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians, in sending or delivering copies of this Management Information Circular, the Notice of Meeting and the form of proxy to the beneficial owners of such shares. The Corporation will provide, without cost to such persons, upon request to the Secretary of the Corporation, additional copies of the foregoing documents required for this purpose.

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

Except as disclosed in this Management Information Circular, no (a) director or executive officer of the Corporation who has held such position at any time since the beginning of the last completed financial year of the Corporation; (b) proposed nominee for election as a director of the Corporation; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

### PRINCIPAL SHAREHOLDERS

As at March 31, 2016, to the best knowledge of the Corporation, the following are the only persons who beneficially own, directly or indirectly, or exercised control or direction over, more than 10% of the Common Shares of the Corporation:

Name	Number of Common Shares	Percentage of Total Issued Common Shares
Arthur Silber <sup>(1)</sup>	2,770,214	11.48%
Canyon Creek Management Inc. <sup>(1)</sup>	2,706,000	11.22%
UBS Wireless Services Inc. <sup>(1)(2)</sup> Toronto, Ontario	2,546,500	10.56%

**Notes:**

- (1) Based on publicly available filings.
- (2) UBS Wireless Services Inc. is a wholly-owned subsidiary of Unique Broadband Systems, Inc.

### PART 2 – BUSINESS OF THE MEETING

#### PRESENTATION OF FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015

A copy of the audited consolidated financial statements of the Corporation for the twelve months period ended December 31, 2015 can be found at <http://www.envisionreports.com/onenergy/AGM2016> and on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). A copy can also be obtained on request by contacting the Company at 155 Gordon Baker Road, Suite 301, Toronto, ON M2H 3N5 Attention: Ray de Ocampo, Chief Financial Officer.

#### ELECTION OF DIRECTORS

**It is the intention of the nominees designated in the enclosed form of proxy to vote the shares in respect of which they are appointed proxy in favour of the election of the four nominees whose names are set out below, unless the Shareholder who has given such proxy has directed that the shares be otherwise voted.** Each director will hold office until the next annual meeting of Shareholders or until the election of his successor, unless such person resigns or his office becomes vacant by removal, death, or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, his municipality of residence, all positions and offices with the Corporation now held by such person, his principal occupation, the year in which such person became a director of the Corporation, and the number of Common Shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

Name, Municipality of Residence and Position with the Corporation	Principal Occupation	First Year as Director	Number of Common Shares Beneficially Owned or over which Control is Exercised as at March 31, 2016
David A. Rattee <sup>(2)(3)</sup> Toronto, Ontario, Canada Director	Corporate Director	2010	—
Lawrence Silber <sup>(1)(3)</sup> Ottawa, Ontario, Canada Director	Lawyer, Kelly Santini LLP.	2010	53,890
Stephen J.J. Letwin <sup>(1)(3)</sup> Toronto, Ontario, Canada Chairman of the Board of Directors	President and CEO, IAMGOLD Corp. (a mining company) since November, 2010.	2013	714,286
Stanley H. Hartt <sup>(1)(2)</sup> Toronto, Ontario, Canada Director	Counsel, Norton Rose Fulbright Canada LLP (a law firm) since January 1, 2013.	2013	—

**Notes:**

- (1) Member of the Audit and Corporate Governance Committee.
- (2) Member of the Compensation and Human Resources Committee.
- (3) Member of the Risk Management Committee.

The board of directors of the Corporation (the “**Board of Directors**” or the “**Board**”) does not have an Executive Committee. The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

*David A. Rattee.* Mr. Rattee has served as a director of the Corporation since 2010. Mr. Rattee was the Chairman and Chief Executive Officer of CIGL Holdings, a private investment holding company, from 1992 to 2014. During his career, Mr. Rattee has served as a chief executive officer, chief financial officer, a director and chair of the audit committee of a number of public companies in Canada and the United States. Mr. Rattee is a Graduate of the BComm program at McGill University in Montreal and earned a Chartered Accountant designation from the Quebec Institute and received an MBA from the Richard Ivey School of Business at the University of Western Ontario.

*Lawrence Silber.* Mr. Silber has served as a director of the Corporation since 2010. Mr. Silber is a corporate/commercial lawyer and partner practicing with the law firm Kelly Santini LLP in Ottawa. Mr. Silber specializes in corporate/commercial law with particular expertise in income tax, estate and succession planning. He advises clients on a broad range of business matters including private equity investors in domestic equity and debt financings, mergers and acquisitions, licensing transactions, corporate reorganizations, purchase and sale transactions, joint ventures as well as complex commercial agreements. Mr. Silber has been an instructor in the Business Law section of the Ontario Bar Admission Course. He currently teaches real property law for the Ontario Real Estate Association. He volunteers his time with several community organizations, and has served on several boards.



*Stephen J.J. Letwin.* Mr. Letwin has served as a director of the Corporation since 2013. One of Canada's premier business leaders, Mr. Letwin is President and Chief Executive Officer of IAMGOLD Corporation, a multi-billion dollar senior gold producer listed on the TSX. Specializing in corporate finance, operational management and merger and acquisitions, Mr. Letwin brings over 30 years of experience from the highly competitive resource sector. Mr. Letwin was previously with Enbridge Inc. in Houston, Texas, as Executive Vice President, Gas Transportation & International. He was responsible for natural gas operations including overall responsibility for Enbridge Energy Partners as Managing Director. In 1999, Mr. Letwin joined Enbridge as President and COO, Energy Services, based in Toronto, Canada. Before Enbridge, he was President & CEO of TransCanada Energy and CFO, TransCanada Pipelines, Numac (Westcoast Energy) and Encor Energy. Mr. Letwin has been a director of Precision Drilling Inc. since 2006. Mr. Letwin holds an MBA from the University of Windsor, is a Certified General Accountant, a graduate of McMaster University (B.Sc., Honours), and a graduate of the Harvard Advanced Management Program.

*Stanley H. Hartt.* Mr. Hartt has served as a director of the Corporation since 2013. Mr. Hartt is Counsel at Norton Rose Fulbright Canada LLP and has decades of leadership experience in business, law and public policy. Immediately prior to joining Norton Rose Fulbright Canada LLP in 2013, Mr. Hartt was chairman of Macquarie Capital Markets Canada Ltd. Called to the Quebec Bar in 1965, he worked for Stikeman Elliott for 20 years and from 1985 to 1988 was Deputy Minister of the Department of Finance, Canada. From 1989 to 1990, Mr. Hartt was Chief of Staff in the Office of Prime Minister Brian Mulroney and from 1990 to 1996 he was Chairman, President and CEO of Campeau Corporation. From 1996 to 2008, Mr. Hartt was the Chairman of Salomon Brothers Canada Inc., later renamed Citigroup Global Markets Canada Inc. He continued his public service as Chair of the Advisory Committee on Financing, established by the Minister of Finance during the Global Financial Crisis. He was also a member of the Canadian Task Force on Social Finance which reported in December 2010. Mr. Hartt has a great deal of US cross-border and international experience and participated actively in negotiating the Canada-US Free Trade Agreement (he was one of eight Canadians in the room when the agreement was signed).

Mr. Hartt has served as a director of a number of public companies including O&Y Properties Corporation (Chairman), Sun Life Financial Inc., Gulf Canada Resources Ltd., Ultramar Corporation, Abitibi Price Inc. and Oshawa Group Limited. He was also a director of a number of closely held companies including Hong Kong Bank of Canada (now HSBC Bank Canada), Citibank Canada, Quaker Oats Co. Canada and Beatrice Foods Inc.

Except as set out below, none of the foregoing nominees for election as director of the Corporation:

- (a) is, or within the last ten years has been, a director or executive officer of any company that, while that person was acting in that capacity:
  - (i) was the subject of a cease trade or similar order, or an order that denied such company access to any exemption under applicable securities legislation, for a period of more than 30 consecutive days; or
  - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in such company becoming the subject of a cease trade or similar order, or an order that denied such company access to any exemption under applicable securities legislation, for a period of more than 30 consecutive days; or
  - (iii) within one year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets; or
- (b) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted

any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold his assets.

Hollinger Inc. was the subject matter of a Toronto Stock Exchange (“**TSX**”) cease trade order dated June 1, 2004, as amended and extended, resulting from its failure to file financial statements. After the initial cease trade order was issued, David A. Rattee was asked to join the Hollinger Inc. Board of Directors in August 2005, as part of a new Board of Directors charged with regularizing the affairs of Hollinger Inc. The cease trade order was revoked on April 10, 2007. Mr. Rattee resigned from the Hollinger Inc. Board of Directors in July 2008. Hollinger Inc. was delisted from the TSX in August 2008.

Mr. Rattee was a director of Hollinger Inc., a TSX public company, which obtained orders under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) and under Chapter 15 of the U.S. Bankruptcy Code on August 1, 2007 to operate under a Court-supervised restructuring. All directors of Hollinger Inc., including Mr. Rattee, resigned from the board of directors in July 2008, with the filing of a restructuring plan under the CCAA. Hollinger Inc. was delisted from the TSX in August 2008.

David A. Rattee was also a director of Northstar Aerospace Inc., a TSX public company, until June 14, 2012, when a "stalking horse" bid was filed under the CCAA with the Ontario Superior Court of Justice. All directors, including Mr. Rattee, resigned at this time. On August 24, 2012, the Ontario Superior Court of Justice declared Northstar Aerospace Inc. bankrupt and all of the assets of the company were sold.

None of the foregoing nominees for election as director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **APPOINTMENT OF AUDITORS**

BDO Canada LLP (“**BDO Canada LLP**”), the current auditors of the Corporation, have been the auditors of the Corporation since July 18, 2013. Shareholders will be asked to appoint BDO as auditors of the Corporation to hold office until the next annual meeting of Shareholders and to authorize the Corporation to fix their remuneration.

**Unless the Shareholder directs that his or her shares be voted otherwise, the management nominees named in the enclosed form of proxy will vote FOR the appointment of BDO Canada LLP as auditors of the Corporation and FOR authorizing the Corporation to fix their remuneration.**

#### **APPROVAL OF A NEW GENERAL BY-LAW OF THE CORPORATION**

Shareholders will be asked to consider and, if thought advisable, to pass a resolution, with or without amendment, (the "**By-law Resolution**") authorizing the confirmation of a new general by-law, By-law No.1, of the Corporation, which was adopted by the board of directors of the Corporation following the continuance from the Federal jurisdiction under the *Canada Business Corporations Act* into Ontario under the OBCA (the "**Continuance**"). Shareholders approved the Continuance by special resolution at the annual and special meeting of shareholders held May 19, 2015 and the Corporation effected the Continuance August 4, 2015. In order to be adopted, the By-Law Resolution must be passed by the

affirmative vote of a simple majority of the votes cast by Shareholders at the Meeting, whether in person or by proxy.

By-law No.1, is a by-law relating generally to the transaction of the business and affairs of the Corporation. As a result of the Continuance it is necessary for the Corporation to adopt a new by-law. Subject to shareholder approval, the directors approved the new By-law No.1 by resolution effective August 4, 2015 and it is in order for the shareholders to confirm By-law No.1. The provisions of By-Law No.1 are standard in its form and governs the business and affairs of the Corporation relating to matters such as the establishment of a quorum for meetings of directors and shareholders, the conduct of such meetings and indemnification of directors and officers. The complete text of By-law No. 1 is attached hereto as Schedule "A" to this Circular.

### ***Recommendation of Board of Directors***

The Board of Directors unanimously recommends that Shareholders vote FOR the By-Law Resolution. **Unless the Shareholder directs that his or her shares be voted against the By-law Resolution, the management nominees named in the enclosed form of proxy will vote FOR the By-law Resolution.**

### ***Text of the Proposed By-Law Resolution***

#### **BE IT RESOLVED THAT:**

1. By-law No.1, being a by-law relating generally to the transaction of the business and affairs of the Corporation, made by the Board of Directors of the Corporation on August 4, 2015, is confirmed without variation as a by-law of the Corporation.
2. Any director or officer of the Corporation is authorized to do all such things and execute all instruments and documents on behalf of the Corporation as such director or officer, in such director's or officer's sole discretion, considers necessary or desirable to carry out this resolution

## **PART 3– COMPENSATION**

### **EXECUTIVE COMPENSATION**

#### ***Compensation Discussion and Analysis***

The Compensation and Human Resources Committee is responsible for assisting the Board of Directors in its oversight of the compensation and assessment of senior executives, including (a) the Chief Executive Officer, (b) the Chief Financial Officer, and (c) the Chief Operating Officer. For the year ended December 31, 2015 these individuals were: Mark J. Lewis, Chief Executive Officer (resigned January 14, 2016); Ray de Ocampo, Chief Financial Officer and Robert Weir, Chief Operating Officer (collectively the "**Named Executive Officers**" or "**NEO**"). In addition, the Compensation and Human Resources Committee is responsible for: (a) reviewing and revising its charter; (b) reviewing the goals and objectives of the Chief Executive Officer for the upcoming year and providing a year-end appraisal; (c) meeting with the Chief Executive Officer to discuss the goals, objectives, compensation and performance of other senior executives; (d) reviewing and recommending any special employment contracts; (e) reviewing and recommending remuneration and benefits for the senior executives; (f) comparing on an annual basis remuneration for senior executives with peers; (g) periodically reviewing bonus and incentive plans and stock option plans in light of new trends and practices of peers in the retail energy industry; (h) reviewing and recommending the executive compensation disclosure required for any shareholder meetings; (i) determining each senior executive's entitlement to be paid a bonus; and (j) adopting policies and procedures to allow it to operate effectively and perform other activities consistent with its charter.

The current members of the Compensation and Human Resources Committee are Mr. Hartt (Chairman) and Mr. Rattee, each of whom are considered to be independent (see “Corporate Governance — Compensation”, below).

### ***Compensation Philosophy***

The Corporation’s pay-for-performance philosophy seeks to reward the achievement of performance goals and align the interests of executives with the Shareholders. At the same time, the Corporation aims to attract, retain, motivate and reward highly qualified and experienced executives. The compensation program is designed to reward each senior executive based on individual, group and corporate performance and is also designed to incentivize such executives to drive the annual and long term business goals of the Corporation and enhance the sustainable profitability and growth of the Corporation. The following key principles guide the Corporation’s overall compensation philosophy:

- compensation is determined on an individual basis and is aimed at retaining senior executives;
- compensation should be fair and reasonable to shareholders and be set with reference to the market for similar positions in comparable energy companies;
- an appropriate portion of total compensation is variable and linked to performance of the individual, his or her group and the Corporation, aligning the interests of the senior executive with the Shareholders; and
- internal pay equity is maintained such that executives in similar positions and locations are treated fairly; and compensation should be transparent to the senior executives and the Shareholders.

The Corporation’s compensation program consists primarily of three elements: base salary, incentive plans, and annual bonus. In 2015, the Corporation’s Named Executive Officers received base salaries and other benefits that they were entitled to receive under their employment agreements. No options were granted to Named Executive Officers under the Fixed Option Plan (as defined below). Mr. Weir was awarded a bonus based on the performance of the Corporation’s Gas & Power business. A number of directors elected to receive all or part of their Directors Remuneration (as defined below) in the form of Elective DSUs (as defined below). See “Part 3 – Compensation - Director’s Compensation” for further details.

### ***Base Salary***

Base salaries are reviewed annually by the Compensation and Human Resources Committee. The base salaries for Named Executive Officers have been established based on the scope of their responsibilities and their prior relevant experience, taking into account compensation paid by other companies in the industry for similar positions and market demand for such executives. A Named Executive Officer’s base salary was determined by reviewing the Named Executive Officer’s other compensation to ensure that the Named Executive Officer’s total compensation is in line with the Corporation’s overall compensation philosophy.

### ***Annual Bonus***

The Corporation’s compensation program includes eligibility for an annual incentive cash bonus. The cash bonuses are intended to reward the Corporation’s Named Executive Officers for achieving short-term goals while making progress towards the Corporation’s longer-term objectives. For 2015, the amount of the cash bonus was weighed 70% for the achievement of overall performance targets for ONEnergy and 30% for the achievement of individual performance goals, with a target bonus generally to be set as a percentage of base salary. During 2015 the overall performance targets for the Corporation were based on the achievement of the cash generation. The annual bonus is based on the achievement of the cash generation targets contained in the fiscal year ending December 31, 2015 budget which has been approved by the Audit Committee, and the Compensation and Human Resources Committee. Although the annual bonus

may be based on these targets, the final amount will be based on the Compensation and Human Resources Committee's assessment of the achievement of the targets set forth. Subject to the terms and conditions of the bonus plan, for each completed fiscal year of the Corporation during which each NEO is employed by the Corporation, the NEO shall be eligible for an annual incentive bonus award as follows: Mr. Lewis was eligible to receive up to maximum of \$200,000; Mr. de Ocampo – up to 30% of his base salary; and Mr. Weir – up to 65% of his base salary. Mr. Weir was awarded a \$40,000 bonus based on the financial performance and growth of the Corporation's Gas & Power business.

### ***Incentive Plans***

From time to time, the Board may grant awards pursuant to the Fixed Option Plan and the DSU Plan (as defined below). These awards are awarded based upon the recommendation by the Chief Executive Officer of the Corporation to the Compensation and Human Resources Committee, which bases its decisions upon the level of the individual's responsibility, the individual's contribution toward the Corporation's goals and objectives, and previous grants of awards. The Compensation and Human Resources Committee's decisions with respect to the granting of option-based awards are reviewed by the Board and are subject to its approval. See "Part 3 - Incentive Plans" for further details with respect to the Fixed Option Plan and the DSU Plan.

### ***Consideration of Risks of Compensation Policies and Practices***

In light of the balance between long-term objectives and short-term financial goals with respect to the Corporation's compensation program, the Board believes that the compensation program does not create an incentive for the Named Executive Officers or other employees to engage in unnecessary or excessive risk taking.

### ***Purchase of Financial Instruments***

The Corporation does not currently have a policy that restricts Named Executive Officers or directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. However, to the knowledge of the Corporation as of the date hereof, no Named Executive Officer or director of the Corporation has participated in the purchase of such financial instruments.

### ***Summary of Compensation***

The following tables set out all annual and long-term compensation for services in all capacities to the Corporation earned for the fiscal years ended December 31, 2013, December 31, 2014 and December 31, 2015 by the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of the Corporation. The Corporation does not have any other "Named Executive Officers" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*).

### Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option based awards (\$) <sup>(4)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mark J. Lewis, Chief Executive Officer and Director <sup>(1)</sup>	2015	425,000	—	—	—	—	—	—	425,000
	2014	425,000	—	—	—	—	—	—	425,000
	2013	196,058	—	826,574	—	—	—	—	1,022,632
Ray de Ocampo Chief Financial Officer <sup>(2)</sup>	2015	190,828	—	—	—	—	—	—	190,828
	2014	188,961	—	—	—	—	—	—	188,961
	2013	70,731	—	86,130	—	—	—	—	156,861
Robert Weir, Chief Operating Officer <sup>(3)</sup>	2015	227,686	—	—	40,000	—	—	—	267,686
	2014	225,000	—	—	—	—	—	—	225,000
	2013	100,962	—	305,832	—	—	—	—	406,794

- (1) Mark J. Lewis replaced Grant McCutcheon and was appointed Chief Executive Officer on July 9, 2013. Mark J. Lewis resigned from his employment with the Corporation on January 14, 2016.
- (2) Ray de Ocampo replaced C. Fraser Elliott and was appointed Chief Financial Officer on February 1, 2014.
- (3) Robert Weir was appointed Chief Operating Officer on July 9, 2013.
- (4) These amounts represent the value of the stock options issued to the Named Executive Officers measured at their fair market value on the grant date. The Corporation has used the Black-Scholes pricing model to determine the value of the stock option which is the same model and assumptions used to value the options for financial statement reporting purposes.

### Incentive Plan Awards

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

The following table provides information regarding the outstanding share-based awards and the options-based awards for each Named Executive Officer at the end of the most recently completed financial year.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price	Option expiration date	Value of unexercised in-the-money options (\$)
Mark J. Lewis <sup>(2)</sup>	1,055,650	\$1.40	July 9, 2023	\$ -
Ray de Ocampo	110,000	\$1.40	July 18, 2023	\$ -
Robert Weir	390,591	\$1.40	July 18, 2023	\$ -

**Note:**

- (1) Options were originally granted in respect of Subordinate Voting Shares. Pursuant to the Recapitalization Transaction (as defined herein) and Consolidation Transaction (as defined herein), both of which were approved by the Shareholders at the annual and special meeting of the Corporation held May 19, 2015 and completed by the Corporation effective May 28, 2015, the Subordinate Voting Shares were exchanged for Common Shares and then consolidated on a 10 share for 1 share basis. The information in the table above reflects adjustments to the shares underlying the option grants taking in account the Recapitalization Transaction and Consolidation Transaction. These options were not in-the-money on December 31, 2015 (based on the closing price of the Common Shares on the TSX-V of \$0.30 on this date).
- (2) Mark J. Lewis resigned as from his employment with, and as a director of, the Corporation on January 14, 2016. Unvested options held by Mark J. Lewis expired upon his resignation. Vested and unexercised options held by Mr. Lewis expired 30 days following his resignation.

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

The following table provides information regarding the outstanding share-based awards and the options-based awards for each Named Executive Officer at the end of the most recently completed financial year.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$) <sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – value earned during the year</b>
Mark J. Lewis <sup>(2)</sup>	—	—	—
Ray de Ocampo	—	—	—
Robert Weir	—	—	—

**Note:**

- (1) Options were originally granted in respect of Subordinate Voting Shares. Pursuant to the Recapitalization Transaction and Consolidation Transaction, both of which were approved by the Shareholders at the annual and special meeting of the Corporation held May 19, 2015 and completed by the Corporation effective May 28, 2015, the Subordinate Voting Shares were exchanged for Common Shares and then consolidated on a 10 share for 1 share basis. The information in the table above reflects adjustments to the shares underlying the option grants taking in account the Recapitalization Transaction and Consolidation Transaction. These options were not in-the-money on December 31, 2015 (based on the closing price of the Common Shares on the TSX-V of \$0.30 on this date).
- (2) Mark J. Lewis resigned from his employment with, and as a director of, the Corporation, on January 14, 2016. Unvested options held by Mr. Lewis expired upon his resignation. Vested and unexercised options held by Mr. Lewis expired 30 days following his resignation.

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

Employment agreements with each Named Executive Officer provide for payments to each Named Executive Officer in connection with termination as described below.

Pursuant to the terms of Mr. Lewis' employment agreement with the Corporation, Mr. Lewis' employment with the Corporation can be terminated by the Corporation without payment of any compensation at any time for cause at common law. If Mr. Lewis' employment is terminated by the Corporation for any reason other than for cause, death, or frustration of contract, then the Corporation is required to pay: (a) an amount equal to the base salary and vacation pay earned and payable to him up to the date of termination; (b) his annual bonus incentive entitlement (if any) calculated *pro rata* for the period up to the date of termination based on achievement of the bonus incentive target to such date, such payment(s) being made immediately if the amount can be readily determined but, in any event, not later than the earlier of (i) the fifteenth (15<sup>th</sup>) day of the third month following the end of Corporation's fiscal year in which the date of termination occurs, or (ii) sixty (60) days following the completion of the audited financial statements for the fiscal year in which the date of termination occurs; (c) annual base salary as at the date of termination; (d) the average of the annual incentive bonus awards, if any, paid or payable to Mr. Lewis by the Corporation for the Corporation's two (2) fiscal years completed immediately prior to the date of termination and following the initial hire date; (e) except for all short-term and long-term disability insurance or any other benefits which cannot be continued by their applicable plans or policies (all of which shall cease immediately effective on the date of termination or on such date thereafter as may be required by the minimum provisions of the *Employment Standards Act (Ontario)* (the "ESA")), the Corporation shall continue all benefits for the severance period to the extent that the Corporation may do so legally and in compliance with its plans and policies in existence from time to time; provided that, if the Corporation cannot continue any particular benefit pursuant to the terms of the relevant plan or policy (including, without limitation, all disability insurance), then the Corporation's obligations shall be limited to the minimum requirements pursuant to the ESA; and (f) notwithstanding anything to the contrary in any applicable option agreement or stock-based award agreement, all stock options and other stock-based awards held by Mr. Lewis will be accelerated as if he had completed an additional twelve (12) months of service with the Corporation or, if the date of termination

occurs on or within twelve (12) months following the date of a change of control transaction, 100% of any then-unvested stock options and other stock-based awards held by Mr. Lewis shall immediately accelerate and become fully vested and exercisable as of the date of his termination. As a condition precedent to any termination payments to Mr. Lewis by the Corporation, Mr. Lewis must deliver to the Corporation a full and final release from all actions or claims in connection therewith in favour of the Corporation, the Corporation's Affiliates, and all of their respective officers, directors, trustees, shareholders, employees, attorneys, insurers and agents, such release to be in a form satisfactory to the Corporation and to be effective and irrevocable within thirty (30) days following the Date of Termination. Mr. Lewis's base salary during 2015 was \$425,000 per annum. Mr. Lewis was granted 10,556,504 stock options under the Fixed Option Plan on July 9, 2013 to acquire Subordinate Voting Shares (1,055,650 Common Shares following adjustment for the Recapitalization Transaction and the Consolidation Transaction).

On January 14, 2016, Mark J. Lewis resigned from his employment and all offices with the Corporation. Notwithstanding Mr. Lewis' resignation, the Corporation agreed to pay Mr. Lewis as follows: (a) an amount equal to the base salary and vacation pay earned and payable to him up to the date of termination; (b) benefit continuation until January 2017; and (c) an amount equal to the annual base salary as at the date of resignation. In accordance with the Fixed Option Plan, as Mr. Lewis' employment was voluntarily terminated by Mr. Lewis, unvested options terminated upon his resignation and vested and unexercised options terminated effective 30 days following his resignation.

Pursuant to the terms of Mr. de Ocampo's employment agreement with the Corporation, Mr. de Ocampo's employment with the Corporation can be terminated by the Corporation without payment of any compensation at any time for cause at common law. If Mr. de Ocampo's employment is terminated by the Corporation for any reason other than for cause, death, or frustration of contract, then the Corporation is required to pay to Mr. de Ocampo the equivalent to six (6) months' base salary for up to six (6) years of continuous full-time employment with the Corporation. For each additional completed year of continuous full-time employment with the Corporation, Mr. de Ocampo shall be entitled to an additional one (1) month of base salary, to a maximum of twelve (12) months in the aggregate. The separation package shall include the continuation of all benefits to which Mr. de Ocampo was entitled for a period equal to the earlier of Mr. de Ocampo obtaining new employment and eligibility for employee benefits comparable to the benefits provided by the Corporation, or the expiry of the notice period applicable to Mr. de Ocampo under the ESA in force at the time notice of termination is given, and immediately upon the expiry of such period entitlement to all such benefits shall end. In addition to the separation package, Mr. de Ocampo shall be compensated for all accrued but unused vacation to which he is entitled, and reimbursed for all employment expenses incurred prior to the date of termination. In accordance with the Fixed Option Plan, if Mr. de Ocampo's employment is terminated by the Corporation without just cause, then the options shall vest and become exercisable as if he had completed an additional twelve (12) months of service with the Corporation and, if the date of termination occurs on or within twelve (12) months following the date of a change of control transaction, the options shall immediately accelerate and become fully vested and exercisable as of the date of termination. Mr. de Ocampo's base salary during 2015 was \$190,000 per annum. Mr. de Ocampo was granted 1,100,000 stock options under the Fixed Option Plan on July 18, 2013 to acquire Subordinate Voting Shares (110,000 Common Shares Common Shares following adjustment for the Recapitalization Transaction and the Consolidation Transaction).

Pursuant to the terms of Mr. Weir's employment agreement with the Corporation, Mr. Weir's employment with the Corporation can be terminated by the Corporation without payment of any compensation at any time for cause at common law. If Mr. Weir's employment is terminated by the Corporation for any reason other than for cause, death, or frustration of contract, then the Corporation is required to pay to Mr. Weir the equivalent to six (6) months' base salary for up to six (6) years of continuous full-time employment with the Corporation. For each additional completed year of continuous full-time employment with the Corporation, Mr. Weir shall be entitled to an additional one (1) month of base salary, to a maximum of twelve (12) months in the aggregate. The separation package shall include the continuation of all benefits to which Mr. Weir was entitled for a period equal to the earlier of Mr. Weir obtaining new employment and eligibility for employee benefits comparable to the benefits provided by the Corporation, or the expiry of the notice period applicable to Mr. Weir under the ESA in force at the time notice of termination is given, and immediately upon the expiry of such period entitlement to all such benefits shall end. In addition to the



separation package, Mr. Weir shall be compensated for all accrued but unused vacation to which he is entitled, and reimbursed for all employment expenses incurred prior to the date of termination. In accordance with the Fixed Option Plan, if Mr. Weir's employment is terminated by the Corporation without just cause, then the options shall vest and become exercisable as if he had completed an additional twelve (12) months of service with the Corporation and, if the date of termination occurs on or within twelve (12) months following the date of a change of control transaction, the options shall immediately accelerate and become fully vested and exercisable as of the date of termination. Mr. Weir's base salary during 2015 was \$227,250 per annum. Mr. Weir was granted 3,905,906 stock options under the Fixed Option Plan on July 18, 2013 to acquire Subordinate Voting Shares (390,591 Common Shares following adjustment for Recapitalization Transaction and the Consolidation Transaction).

The following table outlines the estimated incremental payment as a result of termination or change in control assuming the triggering event took place on December 31, 2015.

Name	Incremental Base Salary payment on termination (\$)	Incremental Bonus Payment on termination (\$)	Benefits (\$)	Total (\$)
Mark J. Lewis <sup>(1)</sup>	425,000	—	17,838	442,838
Ray de Ocampo	95,000	—	1,801	96,801
Robert Weir	113,625	—	1,801	115,426

**Note:**

(1) Mark J. Lewis resigned from his employment with, and as a director of, the Corporation on January 14, 2016. See "Termination and Change of Control Benefits", above, for details regarding his actual termination payments.

## INCENTIVE PLANS

The Corporation has adopted both a fixed stock option plan (the "**Fixed Option Plan**") and a Deferred Share Unit Plan (the "**DSU Plan**"), whereby the number of Common Shares which may be issued pursuant to options ("**Option Shares**") granted under the Fixed Option Plan, and deferred share units ("**DSUs**") under the DSU Plan, may not exceed 2,111,301 Common Shares (on a non-diluted basis), being 8.8% of the issued and outstanding shares of the Corporation.

### ***Fixed Option Plan***

The Fixed Option Plan is intended to advance the interests of the Corporation and its subsidiaries and affiliates by encouraging the directors, officers, employees and consultants of the Corporation, or any of its subsidiaries or affiliates, to acquire shares of the Corporation thereby increasing their proprietary interest in the Corporation, encouraging them to remain with the Corporation, or its subsidiaries or affiliates, and providing them with additional incentive in the conduct of their affairs for and on behalf of the Corporation, its subsidiaries and affiliates.

### ***Details of the Fixed Option Plan***

The following is a summary of some of the key provisions of the Fixed Option Plan:

- (a) the aggregate number of Option Shares of the Corporation reserved for issuance under the Fixed Option Plan shall not exceed 2,111,301 Option Shares (on a non-diluted basis and adjusted to take into consideration the Consolidation Transaction (defined herein)). The Option Shares of the Corporation in respect of which options under the Fixed Option Plan are not exercised shall be available for subsequent option grants under the Fixed Option Plan. No fractional shares may be purchased or issued thereunder;

- (b) the aggregate number of Option Shares reserved for issuance under the Fixed Option Plan and granted to any one person within a 12 month period may not exceed 5% of the outstanding Option Shares determined at the date of the grant;
- (c) the aggregate number of Option Shares reserved for issuance to any one Consultant (as such term is defined in the TSX-V Corporate Finance Manual) pursuant to the Fixed Option Plan within a one year period may not exceed 2% of the outstanding Option Shares determined at the date of the grant; and
- (d) the aggregate number of Option Shares reserved for issuance to persons employed to provide Investor Relations Activities (as such term is defined in the TSX-V Corporate Finance Manual) for the Corporation within a one year period may not exceed an aggregate of 2% of the outstanding Option Shares determined at the date of the grant. Options issued to Persons performing Investor Relations Activities (as such term is defined in the TSX-V Corporate Finance Manual) must vest as determined by the Board of Directors in stages over twelve (12) months, with no more than one quarter of the options vesting in any three (3) month period.

In the event a participant ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than for cause or death, such participant may, but only within one year (or such shorter period not less than ninety (90) days as the board of directors may determine) after such participant's ceasing to be a director, officer, employee or consultant (or thirty (30) days in the case of a participant conducting Investor Relations Activities (as such term is defined in the TSX-V Corporate Finance Manual)) or prior to the expiry time of an option, whichever is earlier, exercise any option held by such participant, but only to the extent that such participant was entitled to exercise the option at the date of such cessation.

In the event of the death of a participant on or prior to the expiry time of an option, such option, if vested, may be exercised as to such Option Shares of the Corporation in respect of which such option has not previously been exercised (including in respect of the right to purchase Option Shares of the Corporation not otherwise vested at such time), by the legal personal representatives of the participant at any time up to and including (but not after) a date within one (1) year following the date of death of the participant or the expiry time of such option, whichever occurs first.

Subject to certain conditions set forth in the Fixed Option Plan, the expiry time of an option or any other expiry date for the exercise of an option imposed by the Fixed Option Plan for the exercise of an option shall automatically be extended if such expiry date falls within a period during which the Corporation prohibits an option holder from exercising options for a period of ten business days after the expiry of such restricted period.

The Board of Directors may at any time and from time to time designate those person who are to be granted an option pursuant to the Fixed Option Plan and grant options to such persons. Subject to the policies of the TSX-V and the limitations contained in the Fixed Option Plan, the Fixed Option Plan authorizes the Board of Directors to provide for the grant and exercise of options on such terms (which may vary between option holders) as it shall determine. No option may be granted to any person except upon recommendation of the board of directors. A person who has been granted an option may, if he or she is otherwise eligible and if permitted by the TSX-V policies, be granted additional options if the board of directors so determines.

The exercise price of options granted under the Fixed Option Plan will be determined by the Board of Directors at the time of grant but may not be less than the closing price of the Option Shares on the TSX-V on the day preceding the grant (less any permissible discount under TSX-V policies).

The Fixed Option Plan will be administered by the Board of Directors. The Board of Directors will have full and final discretion to interpret the provisions of the Fixed Option Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Fixed Option Plan. A written agreement will be entered into between the Corporation and each person to whom an option is granted under the Fixed Option Plan, which agreement will set out the number of Option Shares subject to

option, the exercise price and any other terms and conditions approved by the board of directors, all in accordance with the provisions of the Fixed Option Plan.

Pursuant to the terms of the Fixed Option Plan, upon completion of the recapitalization of the Corporation converting all of the Multiple Voting Shares and Subordinate Voting Shares into Common Shares (the "**Recapitalization Transaction**") and the following a share consolidation on a ten share for one share basis (the "**Consolidation Transaction**"), both of which transactions were approved by the Shareholders at the annual and special meeting of the Corporation held May 19, 2015 and effected by the Corporation May 28, 2015, appropriate adjustments were made to the existing option grant agreements and type of securities covered by individual grants, which now provide for Common Shares.

### ***DSU Plan***

In 2014 the Corporation implemented the DSU Plan, a long-term incentive plan, designed to attract, retain and motivate persons of training, experience and leadership as non-executive directors of the Corporation and to promote a greater alignment of interests between such persons and the Shareholders. A copy of the DSU Plan is available to any Shareholder upon request in writing to the Corporate Secretary of the Corporation.

### ***Details of the DSU Plan***

The following is a summary of some of the key provisions of the DSU Plan:

Participation in the DSU Plan is restricted to non-employee directors of the Corporation (an "**Eligible Director**"). Employees, directors, officers, consultants and other personnel of the Corporation, or a subsidiary of the Corporation, are eligible to participate in the Corporation's Fixed Option Plan. DSUs and all other rights, benefits or interests in the DSU Plan are non-transferrable (other than to an Eligible Director's beneficiary or estate, as the case may be, upon the death of the Eligible Director).

The DSU Plan is administered by the Board. The Board has the authority to delegate all of its powers and authority under the DSU Plan to a committee appointed by the Board. DSUs may be granted to Eligible Directors at such time or times as shall be determined by the Board by resolution ("**Discretionary DSUs**"). In addition, on fixed dates established by the Board, the Board may permit an Eligible Director to elect to defer receipt of all or a portion of an amount equal to all or a portion of his or her (i) annual directors' retainer payable on account of his or her services as a member of the Board, and (ii) committee chairperson retainers, committee members retainers, Board or committee meeting fees, or special remuneration for ad hoc services rendered to the Board (together an Eligible Director's "**Director Remuneration**"), and receive in lieu thereof DSUs ("**Elective DSUs**").

A DSU is a notional security that entitles an Eligible Director to receive cash, Common Shares or a combination thereof, only after the date on which he or she ceases to be a director of the Corporation for whatever reason (the "**Separation Date**"). The terms applicable to DSUs under the DSU Plan (including whether dividend equivalents will be credited to an Eligible Director's DSU account) are determined by the Board from time to time and reflected in an award agreement between the Corporation and the Eligible Director ("**Award Agreement**"). It is expected that Award Agreements relating to Discretionary DSUs shall include such information as the period of time between the date of grant of the Discretionary DSUs and the date on which such Discretionary DSUs fully vest, any performance criteria to be used to determine vesting and such other terms as the Board may determine. Unless otherwise determined by the Board, Elective DSUs shall immediately vest.

The number of Elective DSUs an Eligible Director is entitled to receive in respect of that portion of his or her Director Remuneration elected to be deferred is calculated by dividing the amount of the deferred Director Remuneration by the Fair Market Value (as such term is defined in the DSU Plan) of one Common Share on an applicable conversion date. For the purposes of the DSU Plan, Fair Market Value of a Common Share is determined, as at a particular date, as follows:

- (a) if the Common Shares are listed on the TSX-V or another stock exchange, the volume weighted average trading price of the Common Shares, calculated by dividing the total volume of Common Shares traded on the TSX-V, or another stock exchange, for the five trading days immediately preceding such particular date; and
- (b) if the Common Shares are not traded on the TSX-V, or are suspended from trading or have not traded on the TSX-V or another stock exchange for an extended period of time, as determined by the Board in good faith.

Following a Separation Date, the Corporation shall, for each vested DSU, deliver to the Eligible Director (or his or her beneficiary or estate, as and if applicable) either (i) a cash payment equal to the Fair Market Value of one Common Share, or (ii) one Common Share, or (iii) any combination of cash and Common Shares equal to the Fair Market Value of one Common Share as of the Separation Date.

The Board may, at any time and from time to time, amend, suspend or terminate the DSU Plan as to any Common Shares of which DSU awards have not been made.

No Discretionary DSUs and 170,355 Elective DSUs have been granted as at the date of this Circular.

The aggregate number of Common Shares which may be reserved and set aside for issuance upon either (i) the exercise or redemption and settlement for all DSUs granted under the DSU Plan or (ii) the exercise of stock options awarded pursuant to the Fixed Option Plan, is 2,111,301.

Pursuant to the terms of the DSU Plan, upon completion of the Recapitalization Transaction and the Consolidation Transaction, appropriate adjustments were made to the Award Agreements and the type of securities covered by individual grants, which now provide for Common Shares.

The following table sets forth the number of Common Shares which may be subject to (i) stock options awarded pursuant to the Fixed Option Plan and (ii) DSUs under the DSU Plan, based on a total of 24,122,507 outstanding Common Shares as at the date of the Management Information Circular.

	Common Shares Subject to Outstanding Stock Options <sup>(1)</sup>	Common Shares Subject to Outstanding DSUs <sup>(1)</sup>	Common Shares Available for Future Stock Options and/or DSUs	Maximum Number of Common Shares Subject to and Available for Stock Option Grants and/or DSU Grants
	846,591	170,355	1,094,355	2,111,301
Percentage of outstanding Shares as at the date of the Circular	3.5%	0.7%	4.5%	8.7%

(1) The Fixed Option Plan and the DSU Plan originally provided for the grants in respect of Subordinate Voting Shares. Pursuant to the Recapitalization Transaction and subsequent Consolidation Transaction, both of which were approved by the Shareholders at the annual and special meeting of the Corporation held May 19, 2015 and completed by the Corporation effective May 28, 2015, the Subordinate Voting Shares were exchanged for Common Shares and then consolidated on a 10 share for 1 share basis. Accordingly, all options granted under the Fixed Option Plan, and deferred share units awarded under the DSU Plan, pursuant to the adjustment provisions of the respective plans, now provide for the underlying shares subject to the plans being Common Shares with the number of shares under existing grants having been adjusted for the Consolidation Transaction.

## DIRECTORS' COMPENSATION

### *Compensation of Directors*

In 2015 all non-executive directors were entitled to receive annual compensation comprised of: (i) an annual base retainer of \$25,000, payable quarterly; (ii) \$500 per committee meeting; (iii) \$1,000 per board meeting;

(iv) an annual flat fee of \$2,000 for the Chairman of each committee of the Board of Directors; and (v) an annual flat fee of \$5,000 for the Chairman of the Board of Directors.

Under the Corporation's Fixed Option Plan, described above under the section entitled "Incentive Plans – Fixed Option Plan", directors may also be granted stock options from time to time by the Board of Directors on a discretionary basis. As at the date of this Circular, no stock options had been granted to directors.

Under the Corporation's DSU Plan, described above under the section entitled "Incentive Plans – DSU Plan", non-executive directors may also be granted Discretionary DSUs and/or elect to receive Elective DSUs in lieu of his or her Director Remuneration. As at the date of this Circular, 170,355 DSUs were issued to directors.

### ***Compensation Paid to Directors during the Fiscal Year***

The following table sets out the amounts earned as compensation to the non-executive directors for their services as directors during the fiscal year ended December 31, 2015:

<b>Name<sup>(1)</sup></b>	<b>Fees Earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Share-based awards (#)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
David A. Rattee	16,500	16,500	30,014	—	—	—	33,000
Lawrence Silber	34,500	—	—	—	—	—	34,500
Stanley H. Hartt	36,500	—	—	—	—	—	36,500
Stephen J.J. Letwin	—	43,500	79,091	—	—	—	43,500

**Note:**

(1) Mark J. Lewis is not included in this table as he is Chief Executive Officer of the Corporation and disclosure regarding his compensation is set out in the section entitled "Executive Compensation – Summary Compensation Table". Mark J. Lewis resigned from his employment with, and as a director of, the Corporation on January 14, 2016.

### ***Incentive Plan Awards***

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

The following table provides information regarding the outstanding share-based awards and the options-based awards for each non-executive director at the end of the most recently completed financial year.

Name <sup>(1)</sup>	Option-based Awards				Share-based awards		
	Number of securities underlying unexercised options (#) <sup>(2)(3)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
David A. Rattee	—	—	—	\$ —	—	\$ —	\$ 11,385
Lawrence Silber	—	—	—	\$ —	—	\$ —	\$ —
Stanley H. Hartt	—	—	—	\$ —	—	\$ —	\$ —
Stephen J.J. Letwin	—	—	—	\$ —	—	\$ —	\$ 28,377

**Note:**

- (1) Mark J. Lewis is not included in this table as he was Chief Executive Officer of the Corporation and disclosure regarding his compensation is set out in the section entitled "Executive Compensation – Incentive Plan Awards". Mark J. Lewis resigned from his employment with, and as a director of, the Corporation on January 14, 2016.
- (2) The DSU Plan originally provided for awards of Subordinate Voting Shares. Pursuant to the Recapitalization and subsequent Consolidation Transaction, both of which were approved by the Shareholders at the annual and special meeting of the Corporation held May 19, 2015 and completed by the Corporation effective May 28, 2015, the Subordinate Voting Shares were exchanged for Common Shares and then consolidated on a 10 share for 1 share basis. Accordingly, all deferred share units, pursuant to the adjustment provisions of the DSU Plan, now provide for the underlying shares subject to the plan being Common Shares with the number of shares under existing awards having been adjusted for the Consolidation Transaction.
- (3) Calculated by multiplying the number of DSUs outstanding as at December 31, 2015 by the closing price of the Common Shares on the TSX-V of \$0.30 on this date.

***Value vested or Earned During the Year***

The following table provides information regarding the outstanding share-based awards and the options-based awards for each director at the end of the most recently completed financial year.

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
David A. Rattee	—	16,500	—
Lawrence Silber	—	—	—
Stanley H. Hartt	—	—	—
Stephen J.J. Letwin	—	43,500	—

**Note:**

- (1) Mark J. Lewis is not included in this table as he was Chief Executive Officer of the Corporation and disclosure regarding his compensation is set out in the section entitled "Executive Compensation – Incentive Plan Awards". Mark J. Lewis resigned from his employment with, and as a director of, the Corporation on January 14, 2016.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2015, the end of the Corporation's last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights <sup>(1)(2)</sup> (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Common Shares remaining available for future issuance under equity compensation plans <sup>(1)(2)</sup> (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by security holders	1,016,946	\$1.05	1,094,355
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>1,016,946</b>	<b>\$1.05</b>	<b>1,094,355</b>

(1) The Fixed Option Plan originally provided for the grant of options to acquire Subordinate Voting Shares. Pursuant to the Recapitalization Transaction and subsequent Consolidation Transaction, both of which were approved by the Shareholders at the annual and special meeting of the Corporation held May 19, 2015 and completed by the Corporation effective May 28, 2015, the Subordinate Voting Shares were exchanged for Common Shares and then consolidated on a 10 share for 1 share basis. Accordingly, all options granted under the Fixed Option Plan, pursuant to the adjustment provisions of the Fixed Option Plan, now provide for the underlying shares subject to the plan being Common Shares with the number of shares under existing grants having been adjusted for the Consolidation Transaction.

(2) Mark J. Lewis resigned from his employment with, and as a director of, the Corporation on January 14, 2016. Unvested options (334,271) held by Mr. Lewis expired upon his resignation. Vested and unexercised options (721,379) held by Mr. Lewis expired 30 days following his resignation. All such terminated options are available for grant under the Fixed Option Plan pursuant to the terms of the plan.

## PART 4 — CORPORATE GOVERNANCE

National Policy 58-201 *Corporate Governance Guidelines* (the “**Governance Guidelines**”) sets out best practice guidelines for effective corporate governance. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 *Disclosure of Corporate Governance Practices* requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Corporation and the Board recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its employees and shareholders and acknowledges the benefits received by it and Shareholders from the disclosure of governance practices and is committed to an ongoing process of disclosure. The Corporation's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks which the Corporation faces. The directors are kept informed of the Corporation's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Corporation's corporate governance practices have been designed to comply with applicable Canadian requirements and best practices. The Corporation continues to monitor developments in Canada and internationally with a view to keeping its governance policies and practices current. The Board has considered the Governance Guidelines and believes that its approach to corporate governance is appropriate and works effectively for the Corporation and its Shareholders.

## **BOARD OF DIRECTORS**

The Board of Directors is committed to ensuring that the Corporation has an effective corporate governance system, which assists the Corporation in achieving its objectives. For the Corporation, corporate governance means the process and structure used to supervise the Corporation's business and affairs with the objective of enhancing shareholder value. The process and structure define the division of authority and responsibilities and establish mechanisms for achieving accountability by the Board of Directors and management.

### **Board of Directors**

The Board of Directors considers each of Mr. Rattee, Mr. Silber, Mr. Letwin and Mr. Hartt, are independent, according to the definition of "independence" set out in Multilateral Instrument 52-110 Audit Committees. The Board does not consider Mr. Lewis to be independent, according to the definition of "independence" set out in Multilateral Instrument 52-110 Audit Committees, as he was Chief Executive Officer of the Corporation. Mr. Lewis resigned as a director of the Corporation and from his employment with the Corporation on January 14, 2016.

None of the directors of the Corporation, except for Mr. Letwin, are currently directors of any other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction. Mr. Letwin is currently a director of IAMGOLD Corporation (TSX: IMG) and Precision Drilling Corporation (TSX:PD).

The independent directors met with the external auditors, BDO Canada LLP, at an in-camera session without management on March 24, 2016.

### **Meetings of the Board and Committees of the Board**

The Board meets a minimum of five (5) times per year, usually every quarter and following the annual meeting of the Shareholders. Each committee of the Board, other than the Audit Committee, meets at least once each year and the Audit Committee meets at least four (4) times per year, or more frequently as deemed necessary by the applicable committee. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Corporation faces from time to time.

As a general practice, directors who are not on a committee are invited to attend committee meetings and in most cases do so.



Director	Board meetings		Audit and Corporate Governance Committee		Compensation and Human Resources Committee		Risk Management Committee	
	Number	%	Number	%	Number	%	Number	%
Stephen J.J. Letwin	7/7	100	4/4	100	—	—	1/1	100
David A. Rattee	7/7	100	—	—	1/1	100	1/1	100
Lawrence Silber	7/7	100	4/4	100	—	—	1/1	100
Stanley H. Hartt	7/7	100	4/4	100	1/1	100	—	—
Mark J. Lewis <sup>1</sup>	7/7	100	—	—	—	—	—	—

1. Mark J. Lewis resigned from his employment with, and as a director of, the Corporation on January 14, 2016.

### **Mandate of the Board of Directors**

The Board of Directors does not have a written mandate. The Board of Directors is responsible for the stewardship of the Corporation. This requires the Board of Directors to oversee the conduct of the business and affairs of the Corporation. The Board of Directors discharges some of its responsibilities directly and discharges others through committees of the Board of Directors. The Board of Directors is not responsible for the day-to-day management and operation of the Corporation's business, as this responsibility has been delegated to management. The Board of Directors is, however, responsible for supervising management in carrying out this responsibility.

The Corporation sets corporate objectives, which are approved by the Board of Directors. These objectives, together with the Corporation's strategic plan, comprise the principal mandate of the Chief Executive Officer. The Chief Executive Officer's objectives also include the general mandate to maximize shareholder value.

### **Orientation and Continuing Education**

The Corporation has not prepared a formal orientation program for new directors. Upon appointment to the Board of Directors, new directors are provided with an information package which includes the information that the Board of Directors considers necessary to orient new directors regarding the Corporation and its business. The Corporation also provides directors with the opportunity to meet senior management both prior and subsequent to joining the Board of Directors.

### **Ethical Business Conduct**

The Board of Directors has not adopted a formal Code of Ethics for the Corporation. The Board of Directors has determined that the senior officers of the Corporation should observe and promote the following principles with respect to the business of the Corporation:

- (a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) full, fair, accurate, timely and understandable disclosure in public communications and in reports and documents that are filed with or submitted to the securities regulatory authorities; and

- (c) compliance with applicable laws, rules and regulations.

The Board of Directors is also committed to taking steps to help ensure that no senior officer of the Corporation takes any action to: (i) fraudulently influence, coerce, manipulate or mislead the auditors of the Corporation; or (ii) retaliate against “whistle blowers” (that is, employees who provide information or assist in a government or supervisory investigation of the Corporation).

Directors and officers are required to disclose any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

### **Nomination of Directors**

The mandate of the Compensation and Human Resources Committee includes the recommendation of qualified candidates for the Board of Directors and, as appropriate, periodic reviews of the effectiveness of the Board of Directors and individual directors. Both members of the Compensation and Human Resources Committee are independent directors.

The Compensation and Human Resources Committee assess potential Board of Directors candidates to fill perceived needs on the Board of Directors for required skills, expertise, independence and other factors. Members of the Board of Directors and representatives of the Corporation’s related industry may be consulted for possible candidates.

### **Compensation**

The mandate of the Compensation and Human Resources Committee includes a periodic review of the appropriateness and adequacy of directors’ and officers’ compensation.

In making compensation decisions the Compensation and Human Resources Committee has the authority to engage independent counsel and other advisors as it determines necessary. The Corporation’s policies on compensation are intended to provide appropriate compensation for directors and officers that is internally equitable and reflects individual achievements in the context of the Corporation.

As shown by the following summaries of their work experience and accomplishments, each member of the Compensation and Human Resources Committee has the relevant competence, experience and skills to make informed decisions on the suitability of the Corporation’s compensation policies and practices. As well, the members’ diverse backgrounds bring to the Compensation and Human Committee a wide variety of perspectives in executing the Corporation’s philosophy and objectives with respect to compensation.

*Stanley H. Hartt (Chair)* – Mr. Hartt has served as a director or officer of numerous public and private corporations. Mr. Hartt holds a Master of Arts degree in Economics from McGill University, specializing in labour economics and industrial relations. Further, part of Mr. Hartt’s law practice involved acting as conciliator, mediator and arbitrator in a large number of interest (collective bargaining) and rights (arbitration/collective agreement administration) disputes over several decades.

*David A. Rattee* – Mr. Rattee has served as a director and compensation committee member of a number of boards including Loring Ward International Limited, Old Republic Insurance Co of Canada and Reliable Life Insurance Company. In these roles Mr. Rattee has worked extensively on executive and organizational compensation issues.

The Compensation and Human Resources Committee did not retain the services of any compensation consultant during the fiscal year ended December 31, 2015.

### **Loans to Directors**

The Corporation does not make personal loans or extensions of credit to its directors or executive officers.

## **Assessments**

The Compensation and Human Resources Committee is responsible for periodic reviews of the effectiveness of the Board of Directors, its committees and individual directors.

The Compensation and Human Resources Committee has the authority to conduct informal surveys of the directors. As part of the assessments, the Board of Directors or the individual committees or the individual directors may review their respective roles and responsibilities.

## **Committees of the Board of Directors**

There are three committees of the Board of Directors: the Audit and Corporate Governance Committee (as further discussed below), the Compensation and Human Resources Committee and the Risk Management Committee.

Each board committee is chaired by an independent director, who is responsible for organizing the affairs of their committee, chairing its meetings, providing guidance to the members of their committee, retaining outside experts as and when required and reporting to the Board of Directors on the work of their committee.

### *Risk Management Committee*

The Risk Management Committee is currently composed of Mr. Letwin, Mr. Silber and Mr. Rattee, each of whom is considered to be independent. The Risk Management Committee is responsible for, among other things, providing oversight of management's guidelines, controls, policies and compliance systems in relation to commodity and financial risk; regularly reviewing the Corporation's open commodity positions, establishing and maintaining a high level risk management framework; reviewing commodity and financial risk management reports; reviewing commodity and financial risk management reports; reviewing breaches, if any, of the Corporation's risk management policy; establishing and maintaining 30 delegated authorities and a management framework to support the effective management of financial risks; determining which risks need to be included on the Board's agenda for discussion; and assisting the Board in its oversight of the Corporation's management of key commodity and financial risks.

## **AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

### **Charter of the Audit and Corporate Governance Committee**

The Charter of the Audit and Corporate Governance Committee is annexed to this Management Information Circular as Schedule "B" hereto.

### **Composition of the Audit and Corporate Governance Committee**

The Audit and Corporate Governance Committee is currently composed of Mr. Letwin, Mr. Silber and Mr. Hartt. Under Multilateral Instrument 52-110 - *Audit Committees*, a director of an Audit Committee is "independent" if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably be expected to interfere with the exercise of the member's independent judgment. The Board of Directors has determined that Mr. Letwin, Mr. Silber and Mr. Hartt are all independent members of the Audit and Corporate Governance Committee.

The Board of Directors has determined that each of the three members of the Audit and Corporate Governance Committee is "financially literate" within the meaning of Section 1.6 of Multilateral Instrument 52-110 *Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

## Education and Relevant Experience

The education and related experience of each of the members of the Audit and Corporate Governance Committee that is relevant to the performance of his responsibilities as a member of an audit committee is fulsome and each member brings considerable experience to the committee. The Chairman of the Audit and Corporate Governance Committee, Mr. Letwin is a Chartered Professional Accountant and Certified General Accountant, and has previously served as the Chief Financial Officer of each of TransCanada Pipelines Ltd., NUMAC and Encor Energy. Additionally Mr. Letwin has served as a director and Chairman of the Audit Committee for Alta Gas Corporation, and as a director and a member of the Audit Committee for Gaz Metro Limited Partnership. Mr. Silber, in his practice as a corporate lawyer, has worked and continues to work extensively on mergers & acquisitions transactions on behalf of clients. In this role Mr. Silber is required to have a high degree of financial literacy including the reading and interpretation of financial statements. Further, Mr. Silber has served on the Audit Committees of a number of non-profit organizations. Mr. Hartt brings an extensive financial background including in his roles as the Deputy Minister of Finance for Canada from 1985 to 1988, 16 years of experience in the investment banking industry with Citibank and Macquarie Capital Markets as well as serving as a past director of several public companies and two Schedule II banks.

## Pre-Approval Policies and Procedures

The Audit and Corporate Governance Committee pre-approves all audit and non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

## External Auditor Service Fees

The following table presents the amount of fees for professional services rendered by BDO Canada LLP for the audit of the annual financial statements and fees billed for other services in the fiscal years ended December 31, 2015 and December 31, 2014.

Fees billed by BDO:

	Fiscal 2014	Fiscal 2015
Audit Fees <sup>(1)</sup>	\$ 90,000	\$ 225,749
Audit-Related Fees <sup>(2)</sup>	—	—
Tax Fees <sup>(3)</sup>	\$ 4,000	\$ 9,623
All Other Fees <sup>(4)</sup>	\$ 50,281	\$ 12,491
Total	\$ 144,281	\$ 247,863

### Notes:

- (1) Consists of fees for professional services for the audit of the Corporation's annual consolidated financial statements.
- (2) Consists of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and which are not reported under "Audit Fees" above. These services include, amongst others, AuG44 procedures and limited review procedures on interim reporting.
- (3) Consists of fees for professional services for tax planning and filings.
- (4) Consists of fees for professional services for financial diligence and software licences.

## Exemption

The Corporation is relying on the exemption set out in section 6.1 of Multilateral Instrument 52-110 Audit Committees available to venture issuers with respect to the composition of its Audit and Corporate Governance Committee and with respect to certain reporting obligations.

## **PART 5 — OTHER INFORMATION**

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For the purposes of this Management Information Circular, “informed person” means: (i) a director or executive officer of the Corporation; (ii) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (iii) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or company as underwriter in the course of a distribution; and (iv) the Corporation, if it has purchased, redeemed, or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the best of the Corporation’s knowledge, no informed person of the Corporation, and no associate or affiliate of the foregoing persons, at any time since the beginning of its last completed financial year, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of its last completed financial year that has materially affected the Corporation, or in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at this Meeting.

### **DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE**

The directors and officers of the Corporation are covered for liability incurred by them in such capacity by a directors’ and officers’ liability insurance policy. The Corporation’s insurance policy provides coverage for all claims with the exception that for any claim in which the Corporation is not permitted to reimburse the insured persons, either by law or otherwise.

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

As at March 31, 2016, none of the executive officers, directors, employees or former executive officers, directors or employees of the Corporation or a subsidiary thereof, and no person who is a nominee for election as director of the Corporation, and no associate of any such executive officer, director or proposed nominee was indebted to the Corporation or a subsidiary of the Corporation in connection with a purchase of securities or for any other matter.

During the fiscal year ended December 31, 2015, none of the foregoing persons was indebted to the Corporation or any subsidiary of the Corporation nor has any such person been indebted at any time since the beginning of the fiscal year ended December 31, 2015 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

### **OTHER MATTERS**

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

### **SHAREHOLDER PROPOSALS**

The OBCA provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The OBCA further provides, in effect, that the Corporation must set out the Proposal in its management information circular along with, if

so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management information circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 60 days before the anniversary date of last annual meeting of Shareholders of the Corporation. As the last annual meeting of shareholders was held May 19, 2015, a notice of a shareholder proposal in connection with the Meeting must have been submitted to the Corporation in connection with the Meeting not later than March 16, 2016; no such notice or proposals were received. As the date the Meeting is May 17, 2016, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of Shareholders is March 16, 2017.

The foregoing is a summary only; Shareholders should carefully review the provisions of the OBCA relating to proposals and consult with a legal advisor.

### **ADDITIONAL INFORMATION**

Financial information about the Corporation is contained in its consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2015, and additional information about the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2015 together with the accompanying report of the auditors thereon and any interim consolidated financial statements of the Corporation for periods subsequent to December 31, 2015 and Management's Discussion and Analysis with respect thereto; and
- (b) this Management Information Circular, please send your request to:

ONEnergy Inc.  
155 Gordon Baker Road  
Suite 301  
Toronto, Ontario  
M2H 3N5

telephone: (416) 444-4848  
facsimile: (647) 253-2525

### **DIRECTORS' APPROVAL**

The contents of this Management Information Circular and the sending of it have been approved by the directors of the Corporation. This Management Information Circular has been sent to each director of the

Corporation, each Shareholder of the Corporation entitled to the Notice of Meeting and the auditors of the Corporation.

DATED as of the 31<sup>th</sup> day of March 2016.

BY ORDER OF THE BOARD OF DIRECTORS

*“Stephen J.J. Letwin”*

**Stephen J.J. Letwin  
Chairman of the Board**

**SCHEDULE "A"**  
**BY-LAW NO. 1**

**BY-LAW NO. 1**

A by-law relating generally to the transaction of the business and affairs of

**ONENERGY INC.**

**Contents**

<b>Section</b>	<b>Subject</b>
1	Interpretation
2	Directors
3	Shareholders
4	Protection of Directors, Officers and Others
5	Effective Date



**IT IS HEREBY ENACTED** as By-law No. 1 of **ONEnergy Inc.** (the **Corporation**) as follows:

#### Interpretation

##### 1.1 Statutory References

In the by-laws of the Corporation, **Act** means the *Business Corporations Act* (Ontario) and the regulations made thereto, as from time to time amended, and every statute that may be substituted therefor, and in the case of such amendment or substitution, any reference to the Act in the by-laws of the Corporation refers to the amended or substituted provisions therefor.

##### 1.2 Conflict with the Act and Articles

To the extent that there is any conflict or inconsistency between by-laws and the Act or the articles of the Corporation, the Act or articles will govern.

##### 1.3 Number and Gender

Any reference in this Agreement to gender includes all genders and words importing the singular include the plural and *vice versa*.

#### Directors

##### 2.1 Place

Meetings of directors may be held at the registered office of the Corporation or any other place within or outside Canada. In any financial year of the Corporation, a majority of the meetings of the board of directors (**the board**) need not be held within Canada.

##### 2.2 Notice

Subject to any resolution of the board, meetings of the board may be called at any time by the chair of the board or the president or any vice-president who is a director, or any two directors. Notice of the time and place for holding any meeting of the board and the general nature of the business to be transacted thereat will be given by the secretary of the Corporation at least 48 hours prior to the time fixed for the meeting.

##### 2.3 Quorum

The board may, from time to time, fix by resolution the quorum for meetings of the board, but in no case shall a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be. Where the Corporation has fewer than three directors, all directors must be present to constitute a quorum. Until otherwise fixed, a majority of directors in office, from time to time, will constitute a quorum.

##### 2.4 First Meeting of the New Board

For the first meeting of the board to be held following the election of directors at an annual or special meeting of the shareholders, or for a meeting of the board at which a director is appointed to fill a vacancy on the board, no notice of such meeting need be given to the newly elected or appointed director(s) in order for the meeting to be duly constituted, provided a quorum of the directors is present.

## **2.5 Chair**

The chair of any meeting of the board shall be the first mentioned of the following officers who is a director and present at the meeting: the chair of the board, the chief executive officer or the president. If such officer is not present, the directors present will choose one of their number to be chair of the meeting.

## **2.6 Votes to Govern**

All questions arising at any meeting of the board will be decided by a majority of votes. In the case of an equality of votes, the chair of the meeting is not entitled to a second or casting vote in addition to his original vote.

### Protection of Directors, Officers and Others

## **3.1 Indemnity**

Subject to the Act and any other applicable law, the Corporation shall indemnify each director and officer of the Corporation, each former director and officer of the Corporation, and each other individual who acts or acted at the Corporation's request as a director or officer or in a similar capacity of another entity against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal, administrative, investigative or other proceeding to which he is made a party or involved in by reason of being or having been a director or officer of the Corporation or such other entity at the request of the Corporation or in a similar capacity (excluding any proceeding initiated by such individual other than to establish a right of indemnification) provided:

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds to believe that his conduct was lawful.

## **3.2 Advances for Costs**

The Corporation shall, to the full extent permitted by law, advance monies to an individual referred to in section 3.1 for costs, charges, and expenses of a proceeding referred to in section 3.1 provided such individual shall repay the monies advanced if the individual does not fulfill the conditions of indemnification set out in the Act.

## **3.3 Indemnification Agreements**

The Corporation is authorized to enter into any agreement evidencing and setting out the terms and conditions of, an indemnity in favour of any of the persons referred to in section 3.1.

## **3.4 Director and Officer Insurance**

The Corporation may purchase, maintain or participate in insurance against the risk of its liability to indemnify pursuant to this by-law or otherwise.

### **3.5 Right not Exclusive**

The right of any person to indemnification granted by this by-law is not exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors, at law or otherwise.

#### Shareholders

### **4.1 Chair, Secretary and Scrutineer**

The chair of any meeting of shareholders will be the first mentioned of such of the following officers who is present at the meeting: chair of the board, chief executive officer, president or a vice-president. If no such officer is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote thereat will choose one of their number to be chair of the meeting. If present, the secretary of the Corporation shall be secretary of the meeting. If the secretary is absent, the chair of the meeting shall appoint another person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more persons, who need not be shareholders, may be appointed to act as scrutineers by the chair of the meeting.

### **4.2 Quorum**

A quorum of shareholders is present at a meeting of shareholders if two persons, each of whom is a shareholder or a duly appointed proxy or representative for an absent shareholder, representing in the aggregate not less than 10% of the outstanding shares of the Corporation entitled to vote at a meeting of shareholders, are present in person at the start of any meeting of shareholders.

### **4.3 Adjournment**

The chair of any meeting of shareholders may, with the consent of the persons present who are entitled to vote at the meeting, adjourn the meeting from time to time and place to place, subject to conditions as such persons may decide. Any adjourned meeting is duly constituted if held in accordance with the terms of the adjournment and a quorum is present at the adjourned meeting. Any business may be considered and transacted at any adjourned meeting which might have been considered and transacted at the original meeting of shareholders.

### **4.4 Votes to Govern**

A vote at a meeting of shareholders may be held by telephone or electronic or other means of communication facility made available by the Corporation. In the case of an equality of votes, the chair of the meeting will not be entitled to a second or casting vote.

### **4.5 Meeting Held by Electronic Means**

A meeting of shareholders may be held by telephonic or electronic means and a shareholder, proxyholder or shareholder's representative who, through those means, votes at a meeting or establishes a communications link to the meeting shall be deemed to be present at that meeting.

#### Effective Date

This by-law will come into force on the date when made by the board in accordance with the Act.

## **SCHEDULE "B"**

### **CHARTER OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

#### **1. General**

The Board of Directors (the "**Board**") of ONEnergy Inc. (the "**Corporation**") has delegated the responsibilities, authorities, and duties described below to the Audit and Corporate Governance Committee of the Board of Directors (the "**Audit and Corporate Governance Committee**"). For the purpose of these terms of reference, the term "Corporation" shall include the Corporation and its subsidiaries except to the extent that a subsidiary has its own audit and/or corporate governance committee that complies with the requirements of any applicable Canadian securities laws, rules, and guidelines and any applicable stock exchange requirements or guidelines.

The Audit and Corporate Governance Committee will provide independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight, and compensation of the Corporation's external auditors. In so doing, the Audit and Corporate Governance Committee will comply with all applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines, and any other applicable regulatory rules.

#### **2. Members**

The Audit and Corporate Governance Committee shall be composed of a minimum of three members. Members of the Audit and Corporate Governance Committee shall be appointed by the Board. In this regard, the Board, at its first meeting held after an annual meeting of shareholders, shall appoint the members of the Audit and Corporate Governance Committee to hold office until the next annual meeting of shareholders. The Board may at any time appoint additional members of the Audit and Corporate Governance Committee, remove or replace any member of the Audit and Corporate Governance Committee, or fill any vacancy on the Audit and Corporate Governance Committee. Any member of the Audit and Corporate Governance Committee ceasing to be a director shall cease to be a member of the Audit and Corporate Governance Committee. The Board shall fill a vacancy if the membership of the Audit and Corporate Governance Committee is less than three directors as a result of such vacancy. The Chair of the Audit and Corporate Governance Committee may be designated by the Board or, if it does not do so, the members of the Audit and Corporate Governance Committee may elect a Chair by vote of a majority of the full Audit and Corporate Governance Committee membership.

A majority of the members of the Audit and Corporate Governance Committee shall not be employees, "Control Persons", or officers of the Corporation or any of its "Associates" or "Affiliates", as such terms are defined in the TSX Venture Exchange Corporate Finance Manual. In addition, a majority of the members of the Audit and Corporate Governance Committee shall be "independent" within the meaning of Multilateral Instrument 52-110 *Audit Committees*.

#### **3. Meetings**

The Audit and Corporate Governance Committee shall meet at least quarterly at such times and locations as the Chair of the Audit and Corporate Governance Committee shall determine, provided that meetings shall be scheduled so as to permit the timely review of the Corporation's quarterly and annual financial statements and the related management's discussion and analysis and earnings press releases. The external auditor or any two members of the Audit and Corporate Governance Committee may also request a meeting of the Audit and Corporate Governance Committee. The Chair of the Audit and Corporate Governance Committee shall hold in-camera sessions of the Audit and Corporate Governance Committee, without management present, at every meeting. The Audit and Corporate Governance Committee may invite such other persons to its meetings as it deems appropriate in order to carry out its duties.

The Audit and Corporate Governance Committee shall submit the minutes of all meetings to the Board, and when so requested, shall review the matters discussed at an Audit and Corporate Governance Committee meeting with the Board.

A quorum for any meeting shall be two members of the Audit and Corporate Governance Committee.

The Audit and Corporate Governance Committee shall have the authority to require the attendance of the Corporation's officers at meetings of the Audit and Corporate Governance Committee, as it deems appropriate or necessary.

#### 4. **Committee Charter**

The Audit and Corporate Governance Committee shall review and reassess the adequacy of this charter at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Board, if necessary.

#### 5. **Duties of the Audit and Corporate Governance Committee**

The Audit and Corporate Governance Committee shall have the following duties:

##### (a) ***Oversight of Financial Information and Reporting***

- (i) The Audit and Corporate Governance Committee shall review, with management and the external auditor, and recommend to the Board for approval, the annual financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases.
- (ii) The Audit and Corporate Governance Committee shall review, with management and the external auditor, if deemed necessary, and recommend to the Board for approval, the interim financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases.
- (iii) The Audit and Corporate Governance Committee shall review, with management and the external auditor, and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus or other public disclosure document of the Corporation.
- (iv) The Audit and Corporate Governance Committee shall consider and be satisfied that adequate policies and procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements (other than disclosure referred to above), and periodically assess the adequacy of such procedures.

##### (b) ***Relationship with External Auditors***

- (i) The Audit and Corporate Governance Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or test services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

- (ii) The external auditor shall report directly to the Audit and Corporate Governance Committee and the Audit and Corporate Governance Committee should have a clear understanding with the external auditor that such external auditor must maintain an open and transparent relationship with the Audit and Corporate Governance Committee, and that the ultimate accountability of the external auditor is to the shareholders of the Corporation.
- (iii) The Audit and Corporate Governance Committee shall recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review, or test services for the Corporation, having regard to the qualifications and independence of any candidates, and shall recommend to the Board the compensation of the external auditor. The external auditor is required to be an auditor registered with the Canadian Public Accountability Board ("**CPAB**") that is in compliance with any restrictions or sanctions imposed by the CPAB.

(c) ***Pre-Approval of Audit and Non-Audit Services***

The Audit and Corporate Governance Committee shall pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

(d) ***Complaints Procedure***

The Audit and Corporate Governance Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(e) ***Hiring Policies***

The Audit and Corporate Governance Committee shall review and approve the Corporation's hiring policies regarding partners, employees, and former partners, and employees of the present and former external auditor of the Corporation.

(f) ***Reporting***

The Audit and Corporate Governance Committee shall report regularly to the Board regarding any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the external auditor, or the internal audit function.

**6. Authority to Engage Independent Counsel and Advisors**

The Audit and Corporate Governance Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit and Corporate Governance Committee, and to communicate directly with the internal and external auditors.

The Corporation shall provide appropriate funding, as determined by the Audit and Corporate Governance Committee, in its capacity as a committee of the Board, for: (i) payment of compensation to the external auditors employed by the issuer for the purpose of rendering or issuing an audit report; (ii) payment of compensation to any advisers employed by the Audit and Corporate Governance Committee; and (iii)

ordinary administrative expenses of the Audit and Corporate Governance Committee that are necessary or appropriate in carrying out its duties.

The Audit and Corporate Governance Committee shall have the authority, within the scope of its responsibilities, to seek any information it requires from any employee of the Corporation and from external parties.