



**HYDUKE ENERGY SERVICES INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING  
OF SHAREHOLDERS  
AND MANAGEMENT INFORMATION CIRCULAR**

**May 11, 2016**

**HYDUKE ENERGY SERVICES INC.**  
2107 – 6 Street  
Nisku, Alberta T9E 7X8

May 11, 2016

Dear Shareholder:

We are pleased to invite you to attend the annual general and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of Hyduke Energy Services Inc. ("**Hyduke**") to be held at The Garden Hilton, 8208 – 36<sup>th</sup> Street, Leduc, Alberta, T9E 0H7, on Tuesday, June 14, 2016, commencing at 11:00 a.m. (Mountain Standard Time).

The items of business to be acted on by the Shareholders are set forth in the enclosed Notice of Meeting and Management Information Circular. As your vote is important, your Common Shares should be represented at the Meeting whether or not you are able to attend. If you do not plan to attend, please complete, date, sign and return the enclosed Form of Proxy so that your Common Shares can be voted at the Meeting in accordance with your instructions.

If you have questions regarding Hyduke, please contact Veronica Dutchak, Chief Financial Officer, at 780-955-0364, or Patrick Ross, President and CEO, at 780-955-0355.

Sincerely,

(signed) "*John Pinsent*"

Chairman and Director

**Notice of Annual General and Special Meeting (the "Meeting") of Shareholders of  
Hyduke Energy Services Inc. ("Hyduke" or the "Corporation")**

**Date:** June 14, 2016

**Business of the meeting:**

**Time:** 11:00 a.m. (Mountain Standard Time)

**Place:** 8208 – 36<sup>th</sup> Street  
Leduc, Alberta  
T9E 0H7

- (1) Receipt of the audited consolidated financial statements of the Corporation for the period ended December 31, 2015, and the Auditors' Report thereon;
- (2) Fixing the number of members of the board of directors of the Corporation to be elected at the Meeting at **six (6)**;
- (3) Election of directors of the Corporation;
- (4) Appointment of Grant Thornton LLP, Chartered Accountants, as the auditors of the Corporation; and
- (5) Amendment and Reconfirmation of the Shareholder Rights Plan
- (6) Consideration of such other business as may properly come before the meeting or any adjournment thereof

Shareholders of Hyduke are referred to the enclosed Management Information Circular appended to this Notice of Meeting for more detailed information with respect to the matters to be considered at the Meeting.

If you cannot attend the Meeting or any adjournment thereof in person you may vote by proxy, by telephone or over the internet (see page 4 for information). **In order to be valid and acted upon at the Meeting, your proxy must be received by the transfer agent of the Corporation, Computershare Trust Company of Canada, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the Meeting or any adjournment thereof.** Shareholders are cautioned that the use of mail to transmit proxies is at each Shareholder's risk. The Chair of the Meeting has discretion to accept late proxies.

The board of directors has fixed the record date for the Meeting as the close of business on May 10, 2016 (the "**Record Date**"). Only Shareholders of record as at the Record Date are entitled to receive notice of, and to vote at, the Meeting, unless a Shareholder transfers common shares in the capital of the Corporation ("**Common Shares**") after the Record Date and the transferee of those Common Shares establishes ownership of the Common Shares and demands not later than the close of business 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote.

Dated at Nisku, Alberta as of May 11, 2016.

By order of the Board of Directors

(signed) "*John Pinsent*"

Chairman and Director

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**Note:**

If you have any questions about the information contained in this Management Information Circular or require assistance in completing the Form of Proxy, please call Veronica Dutchak, Chief Financial Officer, at 780-955-0364, or Patrick Ross, President and CEO, at 780-955-0355.

# HYDUKE ENERGY SERVICES INC.

## MANAGEMENT INFORMATION CIRCULAR

### GENERAL INFORMATION

#### General

##### Shareholder Meeting

This management information circular (the "**Circular**") is provided in regard to the solicitation of proxies by the board of directors (the "**Board**") and management ("**Management**") of Hyduke Energy Services Inc. ("**we**", "**our**", "**Hyduke**" or the "**Corporation**") for use at the annual general and special meeting (the "**Meeting**") of shareholders of Hyduke ("**Shareholders**") to be held on June 14, 2016, or any adjournment thereof.

##### Date of Information

Information in this circular is as of May 10, 2016, unless otherwise noted.

##### Mailing of Circular

This Circular, a Form of Proxy and our 2015 audited financial statements will be mailed to all Shareholders of record as of May 10, 2016 (the "**Record Date**"). In addition, the 2015 annual report will be mailed to:

- all Registered Shareholders (as defined below) as of the Record Date, except those who have asked not to receive it;
- and all Beneficial Shareholders (as defined below) who have requested a copy.

We will provide proxy materials to Nominees (as defined below) and request that the materials be forwarded promptly to our Beneficial Shareholders.

##### Registered and Beneficial Shareholders

You are a "**Registered Shareholder**" if your common shares in the capital of the Corporation ("**Common Shares**") are held in your name and you have a share certificate.

You are a "**Beneficial Shareholder**" if your Common Shares are held in the name of a Nominee. That is, your share certificate was deposited with a broker, investment dealer, bank, trust company or other nominee (each, a "**Nominee**").

##### Annual and Interim Reports

If you are a Registered Shareholder, you have already received a copy of our 2015 financial statements and management's discussion and analysis ("**MD&A**"), unless you asked not to receive it. If you: (a) do not wish to receive our financial statements and MD&A next year; or (b) wish to receive our interim reports, please fill out and return the form enclosed with this package

If you are a Beneficial Shareholder and you did not return the card sent out last year to request a copy of the 2015 financial statements and MD&A, you will not receive a copy of either document. If you wish to receive our annual or interim reports next year, please fill out and return the card enclosed with this package.

Our financial statements and MD&A can be accessed at [www.hyduke.com](http://www.hyduke.com) or our profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com).

Alternatively, you can request a copy as set out under Additional Information on page 22.

##### Will I receive materials if I am an Objecting Beneficial Owner ("**OBO**") or a Non-Objecting Beneficial Owner ("**NOBO**")?

The Corporation will mail proxy-related materials directly to NOBOs or have such materials distributed by intermediaries to NOBOs who have asked to receive proxy-related materials. The Corporation is paying intermediaries to send proxy-related materials to NOBOs. The Corporation does not pay for intermediaries to send proxy-related materials to OBOs. OBOs will not receive proxy-related materials unless the applicable intermediary assumes the cost of delivery. It is your responsibility to make arrangements with your intermediary to exercise your voting rights.

All references to Shareholders in this Circular and the accompanying Form of Proxy and Notice of Meeting are to Shareholders of record as of the Record Date, unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to a Registered Shareholder who produces proof of their identity.

## Voting Information

### Who is soliciting my proxy?

Management and the Board are soliciting your proxy for use at the Meeting. In connection with this solicitation, Management is providing you with this Circular.

### How are proxies solicited?

The solicitation of proxies will be primarily by mail. However, certain employees of the Corporation may also solicit proxies by telephone or in person. The cost of solicitation will be borne by the Corporation.

### What will I be voting on?

Shareholders will be voting on:

- Fixing the number of members of the Board ("**Directors**") to be elected at the Meeting at six (6);
- Election of Directors of the Corporation;
- Appointment of Grant Thornton LLP, Chartered Accountants, as auditors of the Corporation;
- Amendment and Reconfirmation of the Shareholder Rights Plan; and
- Any other business that comes before the Meeting, if any.

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

A majority of the votes cast, by proxy and in person, will constitute approval of the above-noted matters at the Meeting.

### Who counts the votes?

Proxies will be counted and tabulated by the Corporation's transfer agent, Computershare Trust Company of Canada (the "**Transfer Agent**").

### Is my vote confidential?

The Transfer Agent maintains the confidentiality of individual Shareholder votes. However, proxies will be submitted to Management where they contain comments clearly intended for Management, in the event of a proxy contest or to meet legal requirements.

### How many votes do I have?

You will have one vote for each Common Share you held at the close of business on May 10, 2016, the Record Date for the Meeting. The list of Shareholders entitled to vote will be available for inspection at the Meeting upon the direction of the Chairman.

To vote Common Shares you acquired after the Record Date, you must, not later than 10 days before the Meeting:

- Request that your name be added to the voters' list; and
- Produce properly endorsed share certificates or otherwise establish that you own the Common Shares.

### How will my proxy be voted?

On your Form of Proxy, you may indicate how you wish your proxyholder to vote your Common Shares. Common Shares represented by properly executed Forms of Proxy in favour of the Corporation's Directors or officers, named on the enclosed Form of Proxy, will be voted or withheld from voting on any ballot that may be called for and, where you have specified a choice with respect to any matter to be acted upon, your Common Shares will be voted in accordance with the choice you have made.

**If you have not specified a choice, your Common Shares will be voted:**

- **FOR the fixing of the number of members of the Board to be elected at the Meeting at six (6);**
- **FOR the election of the proposed nominees as Directors;**
- **FOR the appointment of Grant Thornton LLP as auditors of the Corporation and**
- **FOR amendment and reconfirmation of the Shareholder Rights Plan**

**How many Common Shares are entitled to vote?**

The Corporation has an authorized capital consisting of an unlimited number of Common Shares without nominal or par value, of which 30,796,264 Common Shares are issued and outstanding as of the close of business on the date hereof. Each Common Share is entitled to one vote.

**How do I vote?**

If you are eligible to vote and your Common Shares are registered in your name, you may vote your Common Shares in person at the Meeting or by proxy, as outlined below under "Registered Shareholder Voting".

If your Common Shares are held in the name of a Nominee, please read the instructions below under the heading "Beneficial Shareholder Voting".

The Corporation does not know for whom the Common Shares registered in the name of a Nominee are held. Therefore, Beneficial Shareholders cannot be recognized by the Corporation at the Meeting unless their name has been inserted in the Voting Instruction Form. The Voting Instruction Form cannot be used as a proxy to vote Common Shares directly at the Meeting.

**Are there any Principal Shareholders?**

To the best of the knowledge of Management and the Board, as of May 10, 2016, there are no Beneficial Shareholders owning, directly or indirectly, or exercising control or direction over, Common Shares which carry more than 10% of the voting rights attached to all Common Shares.

**What is Quorum for the Meeting?**

The by-laws of the Corporation provide that a quorum for the transaction of business at any meeting of Shareholders shall be one (1) person present in person, being a Shareholder entitled to vote thereat, or a duly appointed proxy or representative for any absent Shareholder so entitled, and representing in the aggregate no less than five percent (5%) of the outstanding Common Shares carrying voting rights at the Meeting.

**What if there are amendments or if other matters are brought before the Meeting?**

The enclosed Form of Proxy gives the persons named on it authority to use their discretion in voting on amendments or variations to matters identified in the Circular.

As of the time of printing of this Circular, Management is not aware of any other matter to be presented for action at the Meeting. If, however, other matters properly come before the Meeting, the persons named on the enclosed Form of Proxy will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred by the Form of Proxy with respect to such matters.

## REGISTERED SHAREHOLDER AND BENEFICIAL SHAREHOLDER VOTING

### REGISTERED SHAREHOLDER VOTING

You are a Registered Shareholder if your Common Shares are held in your name and you have a share certificate.

#### Voting Options

- In person at the Meeting (see below);
- By Proxy (see below);
- By telephone (see enclosed Form of Proxy); or
- By internet (see enclosed Form of Proxy).

#### Voting in Person

If you plan to attend the Meeting and wish to vote your Common Shares in person, do not complete or return the enclosed Form of Proxy. Your vote will be taken and counted at the Meeting. Please register with the Transfer Agent when you arrive at the Meeting.

#### Voting by Proxy

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. You can use the enclosed Form of Proxy or any other proper Form of Proxy to do this. The persons named in the enclosed Form of Proxy are Directors or officers of the Corporation. **You can also choose another person to be your proxyholder by printing that person's name in the space provided on the Form of Proxy.** Then complete the rest of the Form of Proxy, sign it and return it. Your votes can only be counted if the person you appointed attends the Meeting and votes on your behalf. If you have voted by proxy, you may not vote in person at the Meeting, unless you revoke your proxy.

Return your completed proxy in the envelope provided, or mail it to Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, or fax it to Computershare Trust Company of Canada at, within North America: 1-866-249-7775, outside North America: 1-416-263-9524, so that it is received by 11:00 a.m. (Mountain Standard Time) on June 10, 2016, or, if the Meeting is adjourned, at least 48 hours (excluding weekends and holidays) before the time set for any adjournment of the Meeting.

### BENEFICIAL SHAREHOLDER VOTING

You are a Beneficial Shareholder if your Common Shares are held in the name of a Nominee.

#### Voting Options:

- In person at the Meeting (see below);
- By voting instructions (see below);
- By telephone (see enclosed Voting Instruction Form); or
- By internet (see enclosed Voting Instruction Form).

#### Voting in Person

If you plan to attend the Meeting and wish to vote your Common Shares in person, insert your own name in the space provided on the enclosed Voting Instruction Form. Then follow the signing and return instructions provided by your Nominee. Your vote will be taken and counted at the Meeting so do not complete the voting instructions on the form. Please register with the Transfer Agent when you arrive at the Meeting.

#### Voting Instructions

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. Use the enclosed Voting Instruction Form to do this. The persons named in the enclosed Voting Instruction Form are Directors or officers of the Corporation. **You can also choose another person to be your proxyholder by printing that person's name in the space provided.** Then complete the rest of the Voting Instruction Form, sign it and return it. Your vote can only be counted if the person you appointed attends the Meeting and votes on your behalf. If you have sent in your Voting Instruction Form, you may not vote again at the Meeting unless you revoke your instructions.

Return your completed Voting Instruction Form in the envelope provided or fax it to one of the numbers set out in the form so that it arrives by the deadline set in the Voting Instruction Form.

## REGISTERED SHAREHOLDER VOTING

### Revoking Your Proxy

You may revoke your proxy at any time before it is acted upon. You may do this by stating clearly, in writing, that you wish to revoke your proxy and by delivering this signed written statement to the Corporation's Secretary at Hyduke Energy Services Inc., 2107 – 6 Street, Nisku, Alberta, T9E 7X8, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the Meeting, or any adjournment thereof, or to the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. You may also revoke your proxy by delivering to the Transfer Agent, Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, a properly executed proxy of later date or by submitting, at a later date, a Form of Proxy by telephone or internet in the manner described under the heading "Voting Options", or in any other manner permitted by law.

## BENEFICIAL SHAREHOLDER VOTING

### Revoking Voting Instructions

Follow the procedures provided by your Nominee. Your Nominee must receive your request to revoke the instructions prior to the deadline set out in the Voting Instruction Form. This will give your Nominee time to submit the revocation to us.

**A Beneficial Shareholder receiving a Voting Instruction Form cannot use such proxy to vote his or her Common Shares directly at the Meeting. The Voting Instruction Form must be returned to Broadridge Investor Communications Solutions, Canada, well in advance of the Meeting in order to have the Common Shares voted at the Meeting.**

## BUSINESS OF THE MEETING

To the knowledge of the Directors of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting. **IN THE ABSENCE OF INSTRUCTIONS MADE ON A PROXY, IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE APPROVAL OF ALL THE MATTERS REFERRED TO IN THE NOTICE AND AS OUTLINED BELOW.**

### Presentation of Financial Statements

The audited consolidated financial statements of Hyduke for the period ended December 31, 2015, and the accompanying Auditors' Report thereon, which accompany this Circular, shall be placed before the Shareholders at the Meeting. These audited financial statements have been approved by the Board after recommendation by the audit committee of the Board (the "**Audit Committee**").

Shareholders are not required to vote on these financial statements.

### Fixing the Number of Directors

Management and the Board have decided to fix the number of members to be elected as Directors at six (6). Management intends to place before the Meeting, for approval, with or without modification, a resolution fixing the number of Directors for the ensuing year to be elected at the Meeting at six (6). The number of nominees presented by Management at the Meeting will be six (6) nominees. To be effective, the resolution must be approved by a majority of the votes cast by the Shareholders voting in respect of the resolution.

### Election of Directors

The persons nominated below are, in the opinion of Management and the Board, well qualified to serve as Directors. Each of the nominees has established his eligibility and indicated his willingness to serve as a Director if elected.

If, for any reason prior to the Meeting, it is determined that any of the nominees for election will be unable to serve as a Director, the persons designated in the printed portion of the accompanying Form of Proxy intend to vote for such other properly qualified nominee as they, in their discretion, shall determine.

Information regarding each person nominated for election as a Director at the Meeting, including his place of residence; present principal occupation or employment; his principal occupation or employment within at least the last five (5) years; all major positions and offices held in the Corporation; and the number of Common Shares that he has advised Hyduke are beneficially owned, directly or indirectly, or over which control or direction is exercised by him as of the date of this Circular, is set out below.

### *Nominees for Election as Directors*

<b>Name, Province of Residence, and Positions Held with the Corporation</b>	<b>Principal Occupation for the Past Five Years</b>	<b>Common Shares Beneficially Owned or Controlled as at Date Hereof</b>
JOHN PINSENT, FCA <sup>(5)</sup> Alberta, Canada Director since June 2008 Chair of the Board since June 2013	<ul style="list-style-type: none"><li>• Partner of St. Arnaud Pinsent Steman, Chartered Accountants (2005-Present)</li><li>• Senior Audit Manager – Ernst &amp; Young LLP (1994-2005)</li></ul>	175,000 0.6%

Name, Province of Residence, and Positions Held with the Corporation	Principal Occupation for the Past Five Years	Common Shares Beneficially Owned or Controlled as at Date Hereof
<b>PATRICK F. ROSS</b> <sup>(1) (7)</sup> Alberta, Canada Director since April 2013	<ul style="list-style-type: none"> <li>• President and Chief Executive Officer of the Corporation (2014 – present)</li> <li>• Chairman of Steeplejack Industrial Group (2008 – present)</li> <li>• Affiliate Partner of Lindsay Goldberg LLC (2010 – present)</li> <li>• Chief Executive Officer of Steeplejack Industrial Group (2004-2008)</li> </ul>	1,145,730 3.7%
<b>DAVID L. YAGER</b> <sup>(1) (3)(6)</sup> Alberta, Canada Director since June 2013	<ul style="list-style-type: none"> <li>• President of Yager Management Ltd. an oilfield services management consulting corporation (1993 – present)</li> <li>• National Leader, Oilfield Services of MNP LLP a national accounting and professional services firm (2012 – 2016)</li> <li>• Chairman of the Board of HSE Integrated Ltd., a national industrial health &amp; safety company then listed on TSX (2003-2012)</li> <li>• Chairman &amp; Chief Executive Officer of HSE Integrated Ltd. (2003-2011)</li> </ul>	161,300 0.5%
<b>WALTER M. CHAYKA</b> <sup>(1)(2)(5)</sup> Alberta, Canada Director since June 2014	<ul style="list-style-type: none"> <li>• WMC Consultco (2012-present), a company offering coaching and transitional advisory services for business owners</li> <li>• Director of Prime Pump Industries Ltd., a bottom hole pump and production optimization company (2012-present)</li> <li>• Director of Drilling Fluid Treatment Systems Inc., a company that designs and produces drilling mud processing systems (2014-present)</li> <li>• Director of Omega Manufacturing Corporation, a company which produced guide assemblies for drilling rig top drives (2002-present)</li> <li>• Director of Galvanic Applied Sciences Inc., a company that designs, manufactures and markets instrumentation equipment that was listed on TSX-V (GAV) (2007-2013)</li> <li>• Board member Calgary Rotary Clubs Foundation (2013-present)</li> </ul>	100,000 0.3%
<b>JANE HALFORD, FCA</b> <sup>(1) (3)(4)</sup> Alberta, Canada Director since June 2015	<ul style="list-style-type: none"> <li>• Co-Founder of BOLT Transition Inc. (2014-present), an advisory firm to organizations for successful leadership transitions</li> <li>• President of Halford Consulting Inc. (2013-present), an advisory firm focused on the development and execution of strategic initiatives</li> <li>• Director and Audit Chair of Farm Credit Canada (2014-present)</li> <li>• Member of the University of Alberta Board of Governors (2013-present)</li> <li>• Council Member (2008-present) and Past President (2013-2015) of the University of Alberta Alumni Association</li> <li>• Board member of the United Way Alberta Capital Region (2013-present)</li> <li>• Board member of the Citadel Theatre (2012-present)</li> <li>• Chief Executive Officer (2005-2013) and Registrar (2005-2011) of the Institute of Chartered Accountants of Alberta</li> <li>• Executive Director of the Chartered Accountants' Education Foundation (2006-2013) an association which supports the development of professional accountants</li> </ul>	nil
<b>WILLI HAMM</b> <sup>(1)(3)(7)</sup> British Columbia, Canada Director since June 2015	<ul style="list-style-type: none"> <li>• President and CEO of Brock Canada Inc. (2008-2015), a company that provides insulation, fireproofing, scaffolding and environmental services to the oil sands, petrochemical, marine, pulp and paper and utility industries.</li> </ul>	nil
<b>TOTAL</b>		<b>1,582,030</b> <b>5.1%</b>

**Notes:**

- (1) The term of office for each proposed director will expire on the date of the next annual general meeting of the Corporation.
- (2) Chair of the Compensation and Corporate Governance Committee of the Board (the "**Compensation and Corporate Governance Committee**").
- (3) Member of the Compensation and Corporate Governance Committee.
- (4) Chair of the Audit Committee

- (5) Member of the Audit Committee
- (6) Chair of the Health and Safety Committee of the Board (the "**Health and Safety Committee**").
- (7) Member of the Health and Safety Committee.

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

No Director or executive officer of Hyduke is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any corporation that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

No Director or executive officer of Hyduke: (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of a corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

No Director or executive officer of Hyduke 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 be likely to be considered important to a reasonable investor in deciding whether to vote for a proposed director.

### ***Policy on Majority Voting***

The Corporation has adopted a policy on majority voting. In accordance with that policy, if a director receives more "withhold" than "for" votes at the Meeting, he or she must immediately tender his or her resignation to the Board even though the director may have been duly elected under applicable law. The Compensation and Corporate Governance Committee will review the matter and make a recommendation to the Board whether to accept or reject the resignation, having regard to the best interests of Hyduke and any other factors it considers relevant. The Board shall accept the resignation absent exceptional circumstances and the resignation will be effective when accepted by the Board. The director will not participate in Board or Committee deliberations on the matter. It is anticipated the Board will make a decision within 90 days. If the Board accepts the resignation, it may appoint a new director to fill the vacancy in accordance with our articles, by-laws and applicable law.

The policy only applies to uncontested elections where the number of nominated directors equals the number of directors to be elected at the Meeting. In a contested elections (where the number of nominated directors exceeds the number of directors to be elected), the directors with the most number of Common Shares voted in their favour will be elected to the available Board seats.

## Appointment of Auditors

The Shareholders will be asked to vote for the appointment of Grant Thornton LLP, Chartered Accountants as the auditors of the Corporation until the close of the next annual meeting of Shareholders, with the Directors being authorized to fix their remuneration. Grant Thornton LLP were first appointed on June 16, 2015.

## Audit Fees

Fees paid to Grant Thornton LLP are detailed below:

	2015
Audit Fees	\$130,000.00
Audit Related Fees	\$Nil
Tax Fees	\$Nil
<b>TOTAL</b>	<b>\$130,000.00</b>

The nature of each category of fees is described below:

### Audit Fees

Audit fees relate to professional services rendered by the auditors for the audit of the Corporation's annual financial statements or services provided in connection with statutory and regulatory filings or engagements.

### Audit Related Fees

Audit related fees relate to professional services rendered by the auditors for preparation of reports on specified procedures as they relate to research in connection with certain accounting issues.

### Tax Fees

Tax fees relate to preparation and review of the Corporation's Canadian corporate income tax returns and tax research.

## Amendment and Reconfirmation of Shareholders Rights Plan

At the Corporation's 2013 Annual General and Special Meeting of the Shareholders, the Shareholders passed an ordinary resolution approving the adoption of a shareholder rights plan (the "**Shareholder Rights Plan**") pursuant to the terms of a shareholder rights plan agreement between the Corporation and Computershare Trust Company, as rights agent, made as of May 6, 2013. Shareholders are being asked to consider and, if deemed appropriate, approve an ordinary resolution to amend and reconfirm the Shareholder Rights Plan at the Meeting (the "**Shareholder Rights Plan Resolution**"). The Shareholder Rights Plan Resolution must be approved by a simple majority of votes cast at the Meeting by "Independent Shareholders" (as defined by the Shareholders Rights Plan). If the Shareholder Rights Plan Resolution is not passed, the Shareholder Rights Plan will terminate effective June 14, 2016. If the Shareholder Rights Plan Resolution is passed, the Shareholder Rights Plan will require reconfirmation by Shareholders at the 2019 annual meeting.

### ***Proposed Amendments to the Shareholder Rights Plan***

On February 25, 2016, the Canadian Securities Commission (the "CSA") announced amendments, effective May 9, 2016, to extend the minimum period that a formal take-over bid must remain open for deposits of securities thereunder. Pursuant to these amendments to the take-over bid regime, any party wishing to make a formal take-over bid for the Common Shares will be required to leave the offer open for acceptance for at least 105 days (formerly 35 days), with the ability of the Corporation to voluntarily reduce the period to not less than 35 days. Additionally, the minimum period may be reduced due to the existence of certain competing take-over bids or alternative change in control transactions.

Notwithstanding the amendments to the take-over bid regime, there continues to be significant concerns relating to the unequal treatment of Shareholders. The amendments to the take-over bid regime do not protect against circumstances where bidders request lock-up agreements that are not in the best interest of the Corporation or Shareholders. In addition, the amendments to the take-over bid regime do not apply to exempt take-over bids, so there is still a need to protect against "creeping" bids by having a shareholder rights plan that applies to all acquisitions of greater than 20% of the outstanding Common Shares.

The primary objective of the Shareholder Rights Plan is to ensure the equal treatment of all Shareholders in connection with any take-over bid for the Common Shares and, in the event of an unsolicited take-over bid, to provide the Board with sufficient time to evaluate the bid and explore and develop alternatives. The Board believes that it is appropriate to renew the Shareholder Rights Plan, with certain amendments, in order to address outstanding concerns about the equal treatment of Shareholders.

The only proposed substantive amendment to the Shareholder Rights Plan is to extend the period of time a Permitted Bid must remain open solely to reflect changes to the take-over bid regime by the CSA. To ensure the "Permitted Bid" definition in the Shareholder Rights Plan remains aligned with the minimum period a take-over bid must remain open under applicable Canadian securities laws, the proposed amendments to the Shareholder Rights Plan include:

- Amending the definition of "Permitted Bid" to be outstanding for a minimum period of 105 days or such shorter period that a take-over bid must remain open for deposits of securities, in the applicable circumstances, pursuant to Canadian securities laws; and
- Certain additional non-substantive, technical and administrative amendments, including to align the definition of a "Competing Permitted Bid" to the minimum number of days as required under Canadian securities laws, permit book entry form registration of Rights and provide an exception for certain Exempt Acquisitions.

For a summary of the purpose and principal terms of the Shareholder Rights Plan, please see Schedule "C" to this Circular. Shareholders are urged to carefully review the summary in its entirety. The Shareholder Rights Plan can be found on Hyduke's website at [www.hyduke.com](http://www.hyduke.com). The Shareholder Rights Plan Agreement will also be available in draft form prior to the Meeting on Hyduke's website.

### ***Shareholder Rights Plan Resolution***

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the following ordinary resolution in respect of the amendment and reconfirmation of the Shareholder Rights Plan:

**"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. The Shareholder Rights Plan of Hyduke Energy Services Inc., including the amendments thereto, be confirmed, and the Amended and Restated Shareholder Rights Plan Agreement to be dated as of June 14, 2016 between the Corporation and Computershare Trust Company, as rights agent, which amends and restates the Shareholder Rights Plan Agreement dated May 6, 2013, and continues the rights issued thereunder, be and is hereby ratified, confirmed and approved;
2. The Board of Directors of the Corporation may revoke this resolution before it is acted upon, without further approval of the Shareholders.
3. Any one director or officer of the Corporation is hereby authorized to execute and deliver, whether under corporate seal or otherwise, the agreement referred to above and any other agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other acts and things, as any such director or officer in his discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution.

**The Board recommends that you vote FOR the Shareholder Rights Plan Resolution.**

The Form of Proxy or Voting Instruction Form allows Shareholders to vote "for" or "against" the Shareholder Rights Plan Resolution. Unless otherwise directed by the applicable Shareholder, the persons named in the enclosed Form of Proxy intend to vote the Common Shares represented thereby **FOR** the Shareholder Rights Plan Resolution.

**COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

**Compensation of Named Executive Officers**

Named Executive Officers ("NEOs") of the Corporation are defined as follows:

- a. each Chief Executive Officer ("CEO"), meaning an individual who served as CEO of the Corporation or acted in a similar capacity for any part of the most recently completed financial year;
- b. each Chief Financial Officer ("CFO"), meaning an individual who served as CFO of the Corporation or acted in a similar capacity for any part of the most recently completed financial year;
- c. each of the Corporation's three (3) most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers, or the three (3) most highly compensated individuals acting in a similar capacity, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 for that financial year; and
- d. any additional individuals for whom disclosure would have been provided under (c) except that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year-end.

At the end of the Corporation's most recent financial year, there were three (3) NEOs of the Corporation as set forth below in the Summary Compensation Table.

## Report on Executive Compensation

The Compensation and Corporate Governance Committee is responsible for recommending to the Board the compensation to be paid to the CEO, the CFO and other senior executives. The Compensation and Corporate Governance Committee reviews compensation based on the attainment of objectives set by the Board that are consistent with the Corporation's strategic goals. The Compensation and Corporate Governance Committee and the Board have considered the risks associated with the Corporation's compensation policies and practices. The Board reviews the recommendations of the Compensation and Corporate Governance Committee and has final approval on compensation matters including major policy changes to overall compensation strategy.

NEOs or Directors are not permitted to purchase financial instruments 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 NEO or Director.

### Summary Compensation Table

Name and Principal Position	Year Ended Dec 31	Salary (\$)	Share based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation \$		All other compensation <sup>(3)</sup> (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans		
Patrick Ross President & Chief Executive Officer	2015	332,500 <sup>(5)</sup>	nil	38,337 <sup>(1)</sup>	nil	nil	-	370,837
	2014	233,333	nil	70,088 <sup>(1)</sup>	nil	nil	12,000	315,421
	2013	21,500	nil	nil	nil	nil	nil	21,500
Veronica Dutchak Chief Financial Officer	2015	203,519 <sup>(6)</sup>	nil	19,189 <sup>(2)</sup>	nil	nil	nil	222,708
	2014	160,000	nil	14,395 <sup>(2)</sup>	nil	nil	nil	174,395
	2013	160,000	nil	nil	nil	nil	8,667	168,667
Kelvin Lynch Vice President, Operations	2015	238,923 <sup>(7)</sup>	nil	28,784 <sup>(2)</sup>	nil	nil	nil	267,707
	2014	118,908	nil	21,593 <sup>(2)</sup>	nil	nil	nil	140,501
	2013	-	nil	nil	nil	nil	nil	nil
Gordon McCormack <sup>(4)</sup> President & Chief Executive Officer	2015	-	nil	nil	nil	nil	nil	-
	2014	10,417	nil	nil	nil	nil	nil	10,417
	2013	250,000	nil	nil	nil	nil	13,542	263,542

#### Notes:

- (1) The weighted average fair value of options of \$0.24 per share was estimated using a Black-Scholes based option pricing model.
- (2) The weighted average fair value of options of \$0.32 per share was estimated using a Black-Scholes based option pricing model.
- (3) The Corporation commenced a group registered retirement savings plan ("RRSP") on January 1, 2009. Contributions for corporate executives are 10% of gross pay. These group RRSP contributions were: suspended in May 2009; resumed on January 1, 2013; and suspended on August 15, 2013.
- (4) Gordon McCormack resigned as President and CEO effective January 17, 2014. Derek Petrie was appointed interim Chief Operating Officer on January 27, 2014. Patrick Ross was appointed CEO on May 1, 2014.
- (5) Mr. Ross agreed to a voluntary 10% reduction in his annual base salary given current market conditions. The annual base salary pursuant to Mr. Ross' employment agreement is \$350,000.
- (6) Ms. Dutchak agreed to a voluntary 10% reduction in her annual base salary given current market conditions. The annual base salary pursuant to Ms. Dutchak's employment agreement is \$190,000. In 2015 Ms. Dutchak received compensation for unused vacation time in the amount of \$23,019.15.
- (7) Mr. Lynch agreed to a voluntary 10% reduction in his annual base salary given current market conditions.

### Salaries

The base salaries of the NEOs are normally reviewed annually and adjusted, as needed, based on individual performance, responsibility and market conditions, to ensure they reflect the contribution of each NEO. In establishing base salaries, the Compensation and Corporate Governance Committee reviews and considers compensation practices for companies considered by it to be comparable to the Corporation with a view to aligning the Corporation's compensation with such comparable companies. The Compensation and

Corporate Governance Committee refers to the companies who are members of the Petroleum Services Association of Canada ("PSAC") as comparable companies.

A summary of the compensation paid to the CEO, CFO and, if applicable, to any other NEO whose total compensation for the fiscal period ended December 31, 2015 exceeded \$150,000 is set forth above.

### **Equity Incentive Plan**

On May 11, 2015, the Board approved a new long-term incentive plan titled "2015 Equity Incentive Plan" (the "**Equity Incentive Plan**") for the Corporation which was subsequently approved by the Shareholders at the June 16, 2015 Annual General and Special Meeting of the Shareholders. Pursuant to the Equity Incentive Plan, the Corporation is able to issue stock-based, stock denominated and other long-term incentives to directors, officers, employees and independent contractors of the Corporation and/or its affiliates (collectively, the "**Participants**") making sustained contributions to the Corporation. The Equity Incentive Plan is intended to generate an increased incentive to contribute to the Corporation's future success and prosperity, thereby enhancing the value of the Corporation for the benefit of Shareholders, and to enhance the ability of the Corporation and its affiliates to attract and retain exceptionally qualified individuals upon whom, in large measure, the sustained progress, growth and profitability of the Corporation depends.

The Equity Incentive Plan permits the following award types (each an "**Award**"):

- stock options ("**Options**");
- restricted share units ("**RSUs**"), including performance share units ("**PSUs**"); and
- deferred share units ("**DSUs**");

Aside from DSUs which vest upon the date that such participant redeems the DSUs after their cessation of employment, all future annual grants of Awards made under the Equity Incentive Plan will vest over multi-year periods for each grant to provide continual motivation for Participants to deliver shareholder value over the long term while maintaining competitive total compensation opportunities to enable us to attract and retain talented executives.

#### *Options*

Options are designed to retain and reward directors and key employees. In addition, Options are provided to key employees to motivate them to enhance shareholder value by providing them with compensation that is directly tied to increases in the market price of the Common Shares. Options will typically have a three year vesting term and vest one third on each anniversary date of the grant.

#### *RSUs*

RSUs are notional share-based awards that are designed to retain and recognize key employees who create shareholder value by providing payouts to such employees that are directly tied to share value. A key employee may be awarded a fixed number of RSUs that will typically vest over a three year term and vest one third on each anniversary date of the grant and will be redeemed for a combination of cash, shares or some combination thereof.

### *PSUs*

PSUs are notional share-based awards that are designed to retain and reward key employees who create shareholder value over a three year period. A key employee may be awarded a fixed number of PSUs that cliff vest at the end of three years from the grant date. Specific performance criterion for PSUs will also be associated with any such Award. Some commonly used criteria are based on total relative shareholder return as compared to comparable companies or earnings relative to budget. If the relevant performance criteria are achieved, the PSUs will be redeemed for cash, shares or some combination thereof.

### *DSUs*

DSUs are notional share-based awards issued to the directors, and in certain situations NEOs, that are designed to retain competent directors and NEOs and reward them for creating long term and sustainable shareholder value. DSUs have all of the same terms as RSUs with the exception that DSUs vest on the date the holder redeems such DSUs after the cessation of the participant's employment with the Corporation.

### *Dividend Equivalent Rights*

Under the terms of the Equity Incentive Plan, RSUs, PSUs and DSUs will receive dividend equivalent rights. Additional awards in respect of such dividend equivalent rights will be credited to the notional account of the holder, in the same Award type as the underlying Award they are associated with, on each date that we record a dividend. On such dividend record dates, the Awards accrue dividend equivalent rights as applicable, which are then automatically re-invested for additional Awards on the dividend payment date.

### *Other Information Regarding the Equity Incentive Plan*

The Equity Incentive Plan replaced the Corporation's Amended and Restated Stock Option Plan (the "**Old Plan**"), which was last revised by the Board in 2011. All Options issued under the Old Plan were deemed to be issued under and governed by the Equity Incentive Plan and the Old Plan ceased to be of any further force or effect.

Under the Equity Incentive Plan, the maximum number of Common Shares issuable from treasury pursuant to all Awards shall not exceed 10% of the total outstanding Common Shares from time to time, less the number of Common Shares issuable pursuant to all other security-based compensation arrangements of the Corporation. As of May 10, 2016, there are 1,259,772 Options outstanding and unexercised pursuant to Equity Incentive Plan and an additional 1,819,854 Common Shares are reserved for issuance under the Equity Incentive Plan which, together with the Common Shares underlying the outstanding and unexercised Options, represents 10% of the total outstanding Common Shares as of May 10, 2016. The Equity Incentive Plan is to be administered by the Compensation and Corporate Governance Committee or otherwise by the Board or another committee of the Board.

The maximum number of securities of the Corporation issuable to insiders at any time under the Equity Incentive Plan, and all other security-based compensation arrangements of the Corporation, shall not exceed 10% of the Corporation's total issued and outstanding securities. The maximum number of securities of the Corporation issuable to insiders within any one year period and at any time under the Equity Incentive Plan and all other security-based compensation arrangements, shall not exceed 5% of the Corporation's total issued and outstanding securities. The maximum number of Common Shares available for issuance pursuant to the exercise or redemption, as applicable, of Awards granted under the Equity Incentive Plan and awards granted under all of the Corporation's other security based compensation arrangements in any calendar year to any one Participant shall not exceed, in aggregate, 2.5% of the total issued and outstanding Common Shares. In addition, the aggregate number of Common Shares reserved for issuance under the

Equity Incentive Plan and all other security-based compensation arrangements of the Corporation to the non-employee directors (as a group), shall not exceed 1% of the total number of Common Shares. Non-employee directors shall not be eligible to be granted restricted share units pursuant to the Equity Incentive Plan.

When granting Awards under the Equity Incentive Plan, the Compensation and Corporate Governance Committee will determine the parameters of the Award and, in the case of Options, the Compensation and Corporate Governance Committee will determine the vesting conditions, the exercise price and the expiry date, provided that the exercise price of an Option shall be no less than the weighted average trading price of the Common Shares on the TSX for the five days immediately preceding the date of the grant of the Option and the term of an Option shall not exceed a period of five years. The Plan also includes provision for the "cashless exercise" of Options whereby Participants may elect to surrender their rights under an Option in exchange for a payment in cash equal to the difference between the fair market value of the Common Shares that could be acquired under the Option on the date of surrender and the exercise price of the Option. The Board has the sole discretion to consent to or disapprove of the election of the Participant to surrender the Option and receive cash. If the Board disapproves the election, the Participant can exercise the Option in the normal course or retain the Option unexercised.

Unless otherwise determined by the Compensation and Corporate Governance Committee in its sole discretion or as may otherwise be set out in the applicable Award agreement, on the payment date for cash dividends paid on Common Shares, each Participant's RSU account, PSU account and/or DSU account, as applicable, shall be credited with additional RSUs, PSUs or DSUs, as applicable.

The Equity Incentive Plan provides for a blackout restriction period during which no Options are permitted to be exercised and no discretionary agreements or elections relating to RSUs, PSUs or DSUs are permitted due to trading restrictions imposed by the Corporation in accordance with its trading policies affecting trades by Participants in the Corporation's securities. If the expiry date for an Option occurs during a blackout restriction period, or within 3 business days after the expiry of a blackout restriction period, the expiry date for that Option shall be the date that is the 10th business day after the expiry date of the blackout restriction period.

The Equity Incentive Plan also provides that, at the option of the Compensation and Corporate Governance Committee, vesting of Awards may be accelerated upon the occurrence of any one of a number of specified "Significant Events" (as defined in the Equity Incentive Plan) relating generally to changes of control of the Corporation. If such a "Significant Event" occurs, the Compensation and Corporate Governance Committee may provide that: (1) the successor corporation will assume each award or replace it with a substitute award on terms substantially similar to the existing award; (2) the Compensation and Corporate Governance Committee may permit the acceleration or vesting of any or all awards; (3) the awards will be surrendered for a cash payment equal to the fair market value thereof; or (4) any combination of the foregoing will occur.

In the event that the Compensation and Corporate Governance Committee determines that any dividend or other distribution, recapitalization, share split, share dividend, reorganization or other similar corporate transactions affects the Common Shares such that an adjustment is determined by the Compensation and Corporate Governance Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Equity Incentive Plan and any Awards granted under the Equity Incentive Plan, then the Compensation and Corporate Governance Committee will, in any manner as it may deem equitable, subject to, if applicable, approval of the TSX, adjust any or all of: (1) the number and kind of Common Shares or other securities which thereafter may be made the subject of Awards; (2) the number and kind of Common Shares or other securities subject to outstanding

Awards; and (3) the fair market value or the grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award.

The Equity Incentive Plan provides that if, prior to the expiry of any Options, a Participant ceases to provide services for the Corporation by reason of the death or long term disability of the Participant, termination by the Corporation without Cause (as defined in the Equity Incentive Plan) or voluntary termination by the Participant for Good Reason (as defined in the Equity Incentive Plan) then: (a) all outstanding unvested Options of the Participant will terminate; and (b) the outstanding and vested Options may be exercised at any time up to and including (but not after) the earlier of the date which is one year following the date of termination and the expiry date(s) of such Options. In the event that a Participant ceases to be a Participant for any other reason, then: (a) all outstanding unvested Options of the Participant shall, unless otherwise provided, immediately and automatically terminate; and (b) the outstanding vested Options may be exercised at any time up to and including (but not after) the earlier of the date which is thirty (30) days following the date of such termination, resignation or cessation of employment and the expiry date(s) of the vested Options.

If, prior to the redemption date of any PSUs or any RSUs, a Participant ceases to provide services to the Corporation as a result of the termination of his employment by reason of death, long term disability, retirement from active employment, termination without Cause or voluntary resignation for Good Reason, the Compensation and Corporate Governance Committee may elect, in its discretion, that some or all of such PSUs or RSUs shall vest, provided if no such election is made that any such PSUs or RSUs shall be immediately forfeited on the termination date.

Subject to limited exceptions, no Award, and no right under any such Award, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will, by the laws of descent or by the designation of a beneficiary by a Participant and any such purported assignment, alienation, pledge, attachment, sale or other transfer or encumbrance will be void and unenforceable against the Corporation or any affiliate. Notwithstanding the foregoing, the Corporation may provide in the applicable instrument of grant that Options or RSUs are transferable or assignable to a Participant's trust governed by a registered retirement savings plan, registered retirement income fund, tax free savings account, registered education savings plan or similar plan, immediate family or any entity in which such persons or the Participant own more than fifty percent of the voting interests.

The Equity Incentive Plan specifies certain types of amendments which may, subject to applicable laws and regulatory approval, be made without Shareholder approval, including amendments to the Equity Incentive Plan and to an Award granted thereunder that are of a "housekeeping" nature or are a change to the termination provisions of Options which does not entail an extension beyond the original expiry date. However, notwithstanding any other provision of the Equity Incentive Plan or any Award agreement, without the approval of the Shareholders, no amendment can be made that would, among other things: (i) increase the total number of Common Shares available for Awards under the Equity Incentive Plan, subject to certain permitted adjustments; (ii) reduce the exercise price or extend the term of any Award; (iii) have the effect of cancelling any Awards and concurrently reissuing such Awards on different terms; (iv) remove or exceed the insider participation limits in the Equity Incentive Plan; (v) increase limits imposed on the participation of directors that are not officers or employees of the Corporation; (vi) otherwise cause the Equity Incentive Plan to cease to comply with any tax or regulatory requirement; (vii) have the effect of amending the amendment provision in the Equity Incentive Plan; (viii) modify or amend the provisions of the Equity Incentive Plan in any manner which would permit Awards, including those previously granted, to be transferable or assignable in a manner otherwise than as provided for by the Equity Incentive Plan; or (ix) change the eligible Participants under the Equity Incentive Plan which would have the potential of broadening or increasing insider participation.

***Securities Authorized for Issuance under Equity Incentive Plan***

As at the end of the Corporation's most recently completed financial year, the Corporation had outstanding Options granted to Participants as set out in the following table:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (\$/share) (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders	1,259,772	\$0.61	1,819,854
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>1,259,772</b>	<b>\$0.61</b>	<b>1,819,854</b>

***Grants, Exercises and Amendments after the Year Ended December 31, 2015***

From January 1, 2016 to the date of this Circular, no Options were exercised by employees.

From January 1, 2016 to the date of this Circular, no Options were forfeited by Directors, officers, employees or independent contractors.

As at the date of the Circular, 1,259,772 Options were outstanding.

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

The following table presents details of all outstanding share-based awards and outstanding option-based awards at December 31, 2015 for NEOs. The Corporation did not have any incentive plan awards that vested during the financial year ended December 31, 2015.

<b>Name</b>	<b>Option-based Awards</b>				<b>Share-based Awards</b>		
	<b>Number of Securities underlying unexercised options (#)</b>	<b>Option exercise price<sup>(1)</sup> (\$/Share)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options (\$)</b>	<b>Number of shares or units or shares that have not vested (#)</b>	<b>Market or payout value of share-based awards that have not vested (\$)</b>	<b>Market or payout value of vested share-based awards not paid out or distributed (\$)</b>
Patrick Ross	477,272	\$0.55	May 11, 2019	nil	nil	nil	nil
Veronica Dutchak	125,000	\$0.78	Dec 30, 2019	nil	nil	nil	nil
Veronica Dutchak	30,000	\$0.47	Nov 18, 2016	nil	nil	nil	nil
Kelvin Lynch	187,500	\$0.78	Dec 30, 2019	nil	nil	nil	nil
<b>Total</b>	<b>819,772</b>			<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>

**Note:**

<sup>(1)</sup> All option-based awards are granted with an exercise price equal to the closing price of the Common Shares on the day of trading immediately prior to the date of grant.

## Compensation of Directors

Other than the amounts set forth below and in the Summary Compensation Table on page 12, there was no other compensation paid to Directors in any capacity.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John Pinsent	\$25,688	nil	\$7,676	Nil	nil	nil	\$33,364
David Yager	\$20,250	nil	\$7,676	Nil	nil	nil	\$27,926
Walter Chayka	\$21,563	nil	\$7,676	Nil	nil	nil	\$29,239
Doug Bachman <sup>(2)</sup>	\$10,438	nil	\$7,676	Nil	nil	nil	\$18,114
Patrick Ross	-	nil	nil	Nil	nil	nil	Nil
Jane Halford	\$13,563	nil	nil	Nil	nil	nil	\$13,563
Willi Hamm	\$10,250	nil	nil	Nil	nil	nil	\$10,250
<b>TOTAL</b>	<b>\$101,752</b>	<b>nil</b>	<b>\$30,704</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>\$132,456</b>

**Note:**

<sup>(1)</sup> All option-based awards are granted with an exercise price equal to the closing price of the Common Shares on the day of trading immediately prior to the date of grant.

<sup>(2)</sup> Doug Bachman resigned as Director effective May 11, 2015.

Non-management members of the Board are compensated with a retainer of \$20,000 per annum plus a meeting per diem of \$500 per Board and Committee meeting, \$750 per meeting if the meeting exceeds two (2) hours in length or \$500 per meeting if attendance is via phone. The Chairman of the Board is compensated with an additional retainer of \$8,000 per annum. The Chairman of the Audit Committee is compensated with an additional retainer of \$5,000 per annum. Effective January 1, 2015, the Board reduced retainers and per diems by 25%.

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

The following table presents details of all outstanding share-based awards and outstanding option-based awards at December 31, 2015. The Corporation did not have any incentive plan awards that vested during the financial year ended December 31, 2015.

Name	Option-based Awards				Share-based Awards		
	Number of Securities underlying unexercised options (#)	Option exercise price (\$/Share)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units or shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
John Pinsent	50,000	\$0.78	Dec 30, 2019	nil	nil	nil	nil
John Pinsent	10,000	\$0.47	Nov 18, 2016	nil	nil	nil	nil
David Yager	50,000	\$0.78	Dec 30, 2019	nil	nil	nil	nil
Walter Chayka	50,000	\$0.78	Dec 30, 2019	nil	nil	nil	nil
<b>Total</b>	<b>160,000</b>			<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>

**Note:**

<sup>(1)</sup> All option-based awards are granted with an exercise price equal to the closing price of the Common Shares on the day of trading immediately prior to the date of grant.

## **Termination of Employment, Change in Responsibilities and Employment Contracts**

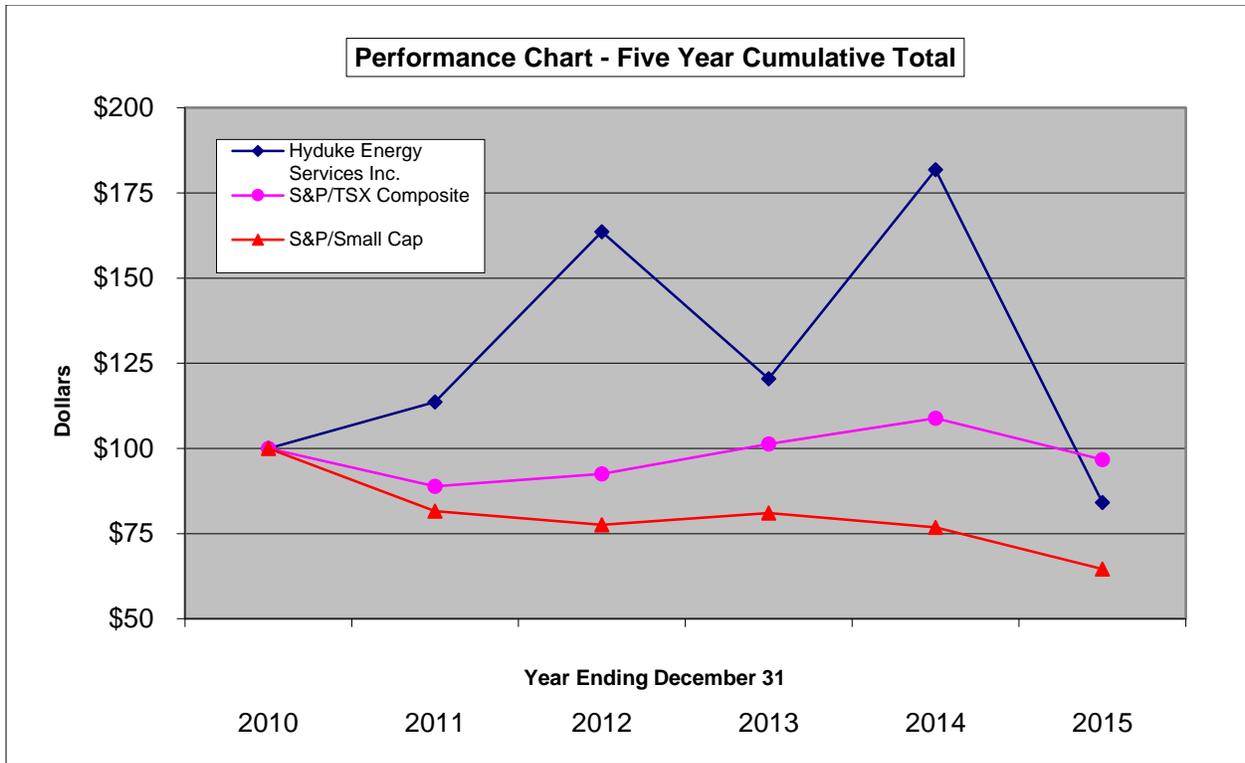
The Corporation has entered into employment agreements with certain senior executives of the Corporation. The agreements establish the terms and conditions that will apply during their employment with the Corporation as well as terms and conditions regarding the termination of the employment of the individual. The Corporation may elect to require NEOs to comply with a non-competition provision in their employment agreements for a period of 12 months from the NEO's termination date.

Patrick Ross, President and CEO of the Corporation, has an employment agreement with the Corporation that was effective May 1, 2014 to April 30, 2015 and contained an auto-renewal clause for two additional years. In the event of termination for cause, there is no provision for any severance payment. In the event of termination without cause, Mr. Ross was entitled to a severance payment equal to one month of base salary for each full year of employment and a pro rata amount for each partial year of employment, up to a maximum of twelve months. His contractual base salary is \$350,000. In 2015, Mr. Ross agreed to a voluntary 10% reduction in his annual base salary and a further 10% in 2016 given current market conditions. In the event that Mr. Ross was terminated without cause on December 31, 2015, the severance termination payment would have been \$46,180.56.

Veronica Dutchak, CFO of the Corporation, had an employment agreement with the Corporation that was effective January 1, 2012 to December 31, 2012 and contained an auto-renewal clause for one additional year. In the event of termination for cause, there was no provision for any severance payment. In the event of termination without cause, Ms. Dutchak was entitled to a severance payment equal to her contractual base salary for one year, which is \$190,000. In 2015, Ms. Dutchak agreed to a voluntary 10% reduction in her annual base salary and a further 5% in 2016 given current market conditions. The Corporation and Ms. Dutchak are presently abiding by the terms of the expired employment agreement.

## **Performance Graph**

The following graph shows the cumulative total Shareholder return on the Common Shares together with the total shareholder return of the S&P/TSX Composite Index, and the S&P/TSX Small Cap Index. The graph assumes an initial investment of CDN\$100 with dividends reinvested, where applicable, and is based on the closing prices of the Common Shares and the common shares of the S&P/TSX Composite Index, the S&P/TSX Small Cap Index and the S&P/TSX Venture Index.



	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Hyduke Energy Services Inc.	\$100.00	\$113.64	\$163.64	\$120.45	\$181.82	\$84.09
S&P/TSX Composite	\$100.00	\$88.93	\$92.49	\$101.33	\$108.85	\$96.78
S&P/TSX Small Cap	\$100.00	\$81.61	\$77.62	\$81.00	\$76.80	\$64.64

**Note:**

(1) The year-end values of each investment shown on the graph are based on share price appreciation plus dividend reinvestment, where applicable. Hyduke has not paid dividends on the Common Shares in the period covered by the graph.

On a year-to-year basis, the trend for executive short term compensation may not compare to the performance graph due to market factors not necessarily correlated to the actual financial performance of the Corporation.

**Corporate Governance**

A description of certain of Hyduke's corporate governance practices is set out in Schedule "A" attached hereto.

The Board has established three (3) standing committees: (i) the Audit Committee; (ii) the Compensation and Corporate Governance Committee; and (iii) the Health and Safety Committee. With the exception of the Health and Safety Committee, all of these committees are comprised of independent directors.

## Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee reviews executive compensation matters, including key human resources policies, the remuneration policy for the Corporation, the compensation and performance objectives of Hyduke's executive officers and determines and recommends to the Board any bonuses to be paid. The Compensation and Corporate Governance Committee is also responsible for ensuring that an appropriate corporate governance system is in place for the Board's overall stewardship responsibility and the discharge of its obligations to the stakeholders of the Corporation. The Compensation and Corporate Governance Committee is also responsible for proposing new nominees to the Board and for assessing the overall performance of the Board and the committees of the Board. See Schedule "A" attached hereto for more information with respect to corporate governance of the Corporation.

The Compensation and Corporate Governance Committee is currently comprised of Walter Chayka, David Yager, Jane Halford and Willi Hamm who are all independent directors.

## Audit Committee

The Audit Committee reviews the annual financial statements of Hyduke and meets with the external independent auditors to review and consider audit procedures and to assess the appropriateness and effectiveness of Hyduke's policies, business practices, internal controls and management information systems which impact the financial integrity of Hyduke. The Charter of the Audit Committee is contained in the Annual Information Form of the Corporation which can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The members of the Audit Committee have direct access to the external auditors of Hyduke. The Audit Committee also reviews the unaudited quarterly financial statements and MD&A's of financial results.

## Health and Safety Committee

The Health and Safety Committee was established on June 16, 2015. The Health and Safety Committee assists the Board in fulfilling its oversight responsibilities by ensuring the Corporation has established appropriate policies, practices and management reporting and control systems with respect to health, safety and environmental matters affecting the Corporation.

## Relevant Experience of Directors

Name of Member	Status	Relevant Education and Experience
John Pinsent	Financially literate and independent	Chartered Accountant, business owner of his own accounting firm, director of private and public companies
Patrick Ross	Financially literate and not independent	Over 30 years of experience as a business executive, attended university majoring in economics and attended the Richard Ivey School of Business Executive Development program, principal partner in a venture capital firm and an affiliate partner in a private equity firm
David Yager	Financially literate and independent	Over 30 years of experience as a business executive, company founder and significant equity investor; 25 years as a director, executive and significant equity investor of publicly traded companies which he helped found and/or expand; three years as an independent public company director
Walter Chayka	Financially literate and independent	40 years of experience as a business executive in the oil services and supply industry, was an associate in an investment banking/brokerage firm, has been a director of private and public companies, provides coaching and transitional advisory services for business owners and holds a Bachelor of Commerce degree with distinction
Jane Halford	Financially literate and independent	Chartered Accountant, founder and owner of two separate business advisory firms, chief executive of significant accounting professional regulatory and professional development bodies, board and/or

Name of Member	Status	Relevant Education and Experience
		council member of variety of significant large private and/or government regulated entities
Willi Hamm	Financially literate and independent	Over 25 years of experience as a business executive with industrial constructor and engineering firms and industrial environmental services firms providing services to power, pulp and paper, and petrochemical industries and holds a diploma from the British Columbia Institute of Technology and a degree from the University of Bath (Master of Science (MSc) in Construction Management)

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

Other than as set forth in this Circular, none of the Directors or executive officers of the Corporation, nor any person who has held such a position since the beginning of the last completed financial period of the Corporation, nor any proposed nominee for election as a Director of the Corporation, nor any associate or affiliate of such person, 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.

### **INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES**

As of May 10, 2016, other than "routine indebtedness" (as defined in National Instrument 51-102), no Director, proposed director, officer, employee nor any of their respective associates or affiliates was or has been at any time during the last completed fiscal period indebted to the Corporation.

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

The Corporation is not aware of any material transaction involving any Director or executive officer or proposed nominee for election as a Director or any Shareholder who holds more than 10% of the voting rights attached to the Common Shares of the Corporation or any associate or affiliate of any of the foregoing, which has been entered into since the commencement of the Corporation's last completed financial period or in any proposed transaction which, in either case, has materially affected or will materially affect the Corporation or any of its subsidiaries.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Security holders who wish to obtain copies of the Corporation's financial statements and MD&As may do so at no cost by contacting the Corporation at 2107 – 6<sup>th</sup> Street, Nisku, Alberta, T9E 7X8.

Financial information is provided in the Corporation's audited consolidated financial statements and MD&A for its most recently completed financial year.

## SCHEDULE "A"

### HYDUKE ENERGY SERVICES INC.

#### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The board of directors (the "**Board**") of Hyduke Energy Services Inc. ("**Hyduke**" or the "**Corporation**") believes in the importance of maintaining sound corporate governance practices, and has therefore established the Compensation and Corporate Governance Committee to periodically review, evaluate and modify governance processes as necessary. The following table summarizes Hyduke's governance procedures in accordance with National Instrument 58-101 – *Corporate Governance Disclosure*.

1. Board of Directors															
(a) Disclose the identity of directors who are independent	<p>The Board has been comprised of six (6) directors, five (5) of whom are independent directors. The independent directors are:</p> <p>John Pinsent David Yager Walter Chayka Jane Halford Willi Hamm</p>														
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination	<p>The Corporation has one director that is not independent. The director who is not independent is Patrick Ross (President and CEO of the Corporation).</p>														
(c) Disclose whether or not a majority of directors are independent	<p>A majority of the directors are independent.</p>														
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Name of Director</th> <th style="text-align: center; padding: 5px;">Director of other Issuers</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">John Pinsent</td> <td style="padding: 5px;">Enterprise Group, Inc. Synodon Inc.</td> </tr> <tr> <td style="padding: 5px;">Patrick Ross</td> <td style="padding: 5px;">N/A</td> </tr> <tr> <td style="padding: 5px;">David Yager</td> <td style="padding: 5px;">N/A</td> </tr> <tr> <td style="padding: 5px;">Walter Chayka</td> <td style="padding: 5px;">N/A</td> </tr> <tr> <td style="padding: 5px;">Jane Halford</td> <td style="padding: 5px;">N/A</td> </tr> <tr> <td style="padding: 5px;">Willi Hamm</td> <td style="padding: 5px;">N/A</td> </tr> </tbody> </table>	Name of Director	Director of other Issuers	John Pinsent	Enterprise Group, Inc. Synodon Inc.	Patrick Ross	N/A	David Yager	N/A	Walter Chayka	N/A	Jane Halford	N/A	Willi Hamm	N/A
Name of Director	Director of other Issuers														
John Pinsent	Enterprise Group, Inc. Synodon Inc.														
Patrick Ross	N/A														
David Yager	N/A														
Walter Chayka	N/A														
Jane Halford	N/A														
Willi Hamm	N/A														
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.	<p>The Board meets formally at least four (4) times per year and informally as needed. The directors meet and discuss matters without management present at the conclusion of each Board meeting, if required.</p>														

<p>(f) Disclose whether or not the Chair of the Board is an independent director. If the Board has a Chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.</p>	<p>The Board Chair, John Pinsent, is an independent director. The Board Chair is charged with the responsibility to lead the Board and ensure the Board is organized, functional and meets its obligations in all aspects of its work. The Board Chair is also responsible for working with executive management to ensure an effective management team and strategic plan are in place.</p>	
<p>(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>John Pinsent Doug Bachman Patrick Ross David Yager Walter Chayka Jane Halford Willi Hamm</p>	<p>9/10 5/5 (resigned May 2015) 10/10 6/6 10/10 5/5 3/4</p>
<p><b>2. Board Mandate</b></p>		
<p>Disclose the text of the board's written mandate.</p>	<p>See Schedule "B" attached to the Management Information Circular of Hyduke.</p>	
<p><b>3. Position Descriptions</b></p>		
<p>(a) Disclose whether or not the Board has developed written position descriptions for the Chair and the Chair of each Board committee.</p>	<p>The Board has not yet developed written position descriptions for the Board Chair, the Chairman of the Audit Committee, the Chairman of the Compensation and Corporate Governance Committee or the Chairman of the Health and Safety Committee. There exists an informal understanding as to the responsibility and authority of the respective Committee Chair as supervised by the Board Chair.</p>	
<p>(b) Disclose whether or not the Board and Chief Executive Officer ("CEO") have developed a written position description for the CEO.</p>	<p>The Board has developed a written position description for the President and CEO.</p>	
<p><b>4. Orientation &amp; Continuing Education</b></p>		
<p>(a) Briefly describe what measures the Board takes to orient new directors regarding:</p>		
<p>(i) the role of the Board, its committees and its directors; and</p>	<p>The Corporation does not have a formal program in place. However, the Corporation endeavors to orient new directors by familiarizing them with corporate documents, facilities, markets and management. The Corporation supports continuing education for existing directors.</p>	
<p>(ii) the nature and operation of Hyduke's business</p>	<p>See response to the above comment.</p>	
<p>(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors</p>	<p>See response to the above comment in 4(a)(i).</p>	

5. Ethical Business Conduct	
(a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:	The Board has approved a Code of Business Conduct for the Corporation (the " <b>Code</b> ") that is applicable to all directors, officer and employees.
(i) disclose how a person or company may obtain a copy of the Code;	The Code will be mailed to anyone on request by contacting Hyduke's Chief Financial Officer and is also posted on the Corporation's website at <a href="http://www.hyduke.com">www.hyduke.com</a> or Hyduke's profile on the System for Electronic Document Analysis and Retrieval at <a href="http://www.sedar.com">www.sedar.com</a> .
(ii) describe how the Board monitors compliance with its Code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its Code; and	<p>All new employees are required to read and sign off on the Code as part of the orientation process.</p> <p>Employees are reminded annually about Hyduke's policies, including the Code, as part of the annual performance review process.</p>
(iii) provide a cross-reference to any material change report filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code	The Board has not granted any waiver of the Code.
(b) Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest	<p>Hyduke's Code outlines the Corporation's conflict of interest guidelines.</p> <p>If a director has a material interest in a specific topic, he is not permitted to be present when the matter is discussed or voted upon. Care is taken to ensure all director conflicts are documented in the meeting minutes.</p>
(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.	Ethical business conduct is a constant focus of the Board. Board members are encouraged to interact with employees and members of the management team. The Board encourages senior management to promote ethical conduct amongst all employees.
6. Nomination of Directors	
(a) Describe the process by which the Board identifies new candidates for board nomination.	The Board as a whole participates in identifying, evaluating and proposing candidates for Board nomination.

<p>(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors.</p>	<p>The nomination process is the responsibility of the Compensation and Corporate Governance Committee, which is composed entirely of independent directors.</p>
<p>(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>See response to the above comment.</p>
<p><b>7. Compensation</b></p>	
<p>(a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.</p>	<p>The Compensation and Corporate Governance Committee reviews director and officer compensation on an annual basis. The Compensation and Corporate Governance Committee reviews compensation market data from comparable companies in its industry when determining compensation. All members of the Compensation and Corporate Governance Committee are independent.</p>
<p>(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors.</p>	<p>Compensation matters are a responsibility of the Compensation and Corporate Governance Committee, which is composed entirely of independent directors.</p>
<p>(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>See response in the above comment.</p>
<p><b>8. Other Board Committees</b></p>	
<p>If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has a Health and Safety Committee originally formed June 2015. The Health and Safety Committee assists the Board in fulfilling its oversight responsibilities by ensuring the Corporation has established appropriate policies, practices and management reporting and control systems with respect to health, safety and environmental matters affecting the Corporation.</p>
<p><b>9. Assessments</b></p>	
<p>Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.</p>	<p>The Board as a whole regularly reviews the effectiveness of the Board, its committees and its individual directors. The Chairman has overall responsibility to ensure effectiveness at all levels.</p>

10. Director Term Limits and Other Mechanism of Board Renewal	
<p>Disclose whether or not the Corporation has adopted term limits for the directors on the Board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the Corporation has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>No term limit policy has been adopted by the Corporation. The Compensation and Corporate Governance Committee has the mandate and responsibility to ensure that a process is in place for the annual review of the performance of individual directors, the Board as a whole and the committees of the Board. The Board believes that this annual review process is more effective than term limits or other mechanisms of Board renewal such as a mandatory retirement age.</p>
11. Policies Regarding the Representation of Women on the Board	
<p>(a) Disclose whether the Corporation has adopted a written policy relating to the identification and nomination of women directors. Is the Corporation has not adopted such a policy, disclose why it has not done so.</p>	<p>No policy relating to the identification and nomination of women directors has been adopted by the Corporation. The Compensation and Corporate Governance Committee takes into account diversity as part of its overall recruitment and selection process but the Compensation and Corporate Governance Committee does not believe that a formal policy will necessarily result in the identification or selection of the best candidates. In the current difficult commodity price environment, the focus of the Compensation and Corporate Governance Committee has been to maintain the composition of the Board in a way that provides, in the judgment of the Corporate Governance Committee, the best mix of competencies, skills and experience to provide for the overall stewardship of the Corporation.</p>
<p>(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions; (ii) the measures taken to ensure that the policy has been effectively implemented; (iii) annual and cumulative progress by the Corporation in achieving the objectives of the policy; and (iv) whether and, if so, how the Board or its nominating committee measures the effectiveness of the policy.</p>	<p>N/A</p>

12. Consideration of the Representation of Women in the Director Identification and Selection Process	
<p>Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the Corporation does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the Corporation's reasons for not doing so.</p>	<p>The Compensation and Corporate Governance Committee is mandated to review the competencies and skills applicable to candidates to be considered for nomination to the Board. Although neither a written policy nor targets relating to the identification and nomination of women directors has been adopted to date and the emphasis in filling positions has been to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of competencies, skills and experience to provide for the overall stewardship of the Corporation, a nominee's diversity of gender, experience and other attributes will be considered in the assessment of director nominees.</p>
13. Consideration Given to the Representation of Women in Executive Officer Appointments	
<p>Disclose whether and, if so, how the Corporation considers the level of representation of women in executive officer positions when making executive officer appointments. If the Corporation does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the Corporation's reasons for not doing so.</p>	<p>The Board is mandated to review the competencies and skills applicable to candidates to be considered for appointment as executive officers of the Corporation. Although neither a written policy nor targets relating to the identification and appointment of women to executive officer positions has been adopted to date and the emphasis in filling positions has been to identify candidates that provide, in the judgment of the Board, the best mix of competencies, skills and experience to provide for the overall leadership of the Corporation, a candidate's diversity of gender, experience and other attributes will be considered in the assessment of candidates.</p>
14. Targets Regarding the Representation of Women on the Board and in Executive Officer Positions	
<p>(a) Disclose whether the Corporation has adopted a target regarding women on the Board. If the Corporation has not adopted a target, disclose why it has not done so.</p>	<p>The Corporation has not adopted a target regarding women on the Board and in executive officer positions. In evaluating potential nominees to the Board or for executive officer positions, the Board focuses on the skills, experience and ability of the candidates although factors such as diversity of gender, experience and other attributes will be considered in the assessment of candidates.</p>
<p>(b) Disclose whether the Corporation has adopted a target regarding women in executive officer positions of the Corporation. If the Corporation has not adopted a target, disclose why it has not done so.</p>	<p>See response in the above comment.</p>
<p>(c) if the Corporation has adopted a target referred to in (a) or (b), disclose: (i) the target; and (ii) the annual and cumulative progress of the Corporation in achieving the target</p>	<p>N/A</p>

15. Number of Women on the Board and in Executive Officer Positions	
(a) Disclose the number and proportion (in percentage terms) of directors on the Board who are women.	Since the last Annual General Meeting on June 16, 2015, the Board had six (6) directors of which one (17%) are women.
(b) Disclose the number and proportion (in percentage terms) of executive officers of the Corporation, including all major subsidiaries of the Corporation, who are women.	There are three executive officers of the Corporation, of which one (1) or 33% is a woman.

## **SCHEDULE "B"**

### **MANDATE OF THE BOARD OF DIRECTORS OF HYDUKE ENERGY SERVICES INC.**

The mandate of the board of directors (the "**Board**") of Hyduke Energy Services Inc. ("**Hyduke**" or the "**Corporation**") is to supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation and its shareholders ("**Shareholders**"). The Board's major responsibilities are:

- To ensure that the Corporation adopts a strategic planning process;
- To review and monitor the Corporation's principal business risks, as identified by management, and the system to manage such risks;
- To appoint, develop and monitor senior management and ensure that management provides for succession planning;
- To ensure that the Corporation has a policy in place to enable it to communicate effectively with Shareholders, other stakeholders and the public generally;
- To ensure the integrity of the Corporation's internal control and management information systems;
- To ensure the Corporation adheres to appropriate corporate governance principles at all times including the establishment of independent committees of the Board related to certain governance related matters;
- To know and understand the business of the Corporation and related governance matters to the best of its ability;
- To satisfy itself that the Corporation continually promotes and maintains the highest degree of ethical and business conduct;
- To ensure the Board is an appropriate size and comprised of individuals that have the requisite skills, diversity and experience; and
- To ensure that appropriate structures and procedures are in place to ensure the Board's independent function from management.

## SCHEDULE "C"

### PURPOSE AND SUMMARY OF THE PRINCIPAL TERMS OF THE SHAREHOLDER RIGHTS PLAN

#### *Purpose of the Shareholder Rights Plan*

The objectives of the Shareholder Rights Plan are to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire Common Shares. Take-over bids may be structured in such a way as to be coercive or discriminatory in effect, or may be initiated at a time when it will be difficult for the Board to prepare an adequate response. Such offers may result in Shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in Hyduke.

The Shareholder Rights Plan discourages the making of any such offers by creating the potential of significant dilution to any offeror who does so. This potential is created through the issuance to all Shareholders of contingent rights to acquire additional Common Shares at a significant discount to the then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors.

An offeror can avoid that potential by making an offer that either: (i) qualifies as a "permitted bid" under the Shareholder Rights Plan, and therefore meets certain specified conditions (including a minimum deposit period of 105 days) which aims to ensure that all Shareholders are treated fairly and equally; or (ii) does not qualify as a "permitted bid" but is negotiated with Hyduke and has been exempted by the Board of Hyduke from the application of the Shareholder Rights Plan in light of the opportunity to bargain for agreed terms and conditions to the offer that are believed to be in the best interest of Shareholders.

On February 25, 2016, the CSA announced amendments, effective May 9, 2016, to the minimum period a take-over bid must remain open for deposits of securities thereunder. Under current Canadian securities laws, any party wishing to make a formal take-over bid for the Common Shares will be required to leave the offer open for acceptance for at least 105 days (formerly 35 days), with the ability of the target issuer to voluntarily reduce the period to not less than 35 days. Additionally, the minimum period may be reduced due to the existence of certain competing take-over bids or alternative change in control transactions.

The Shareholder Rights Plan is not being proposed in response to, or in anticipation of, any pending, threatened or proposed acquisition or take-over bid that is known to the management of Hyduke. The adoption of the Shareholder Rights Plan is also not intended as a means to prevent a take-over of Hyduke, to secure the continuance of management or the Board in their respective offices, or to deter fair offers for the Common Shares. The rights of Shareholders under existing law to seek a change in the management of Hyduke or to influence or promote action of management in a particular manner are not affected by the Shareholder Rights Plan. In addition, the Shareholder Rights Plan does not affect the duty of the Board to act honestly and in good faith with a view to the best interests of Hyduke and the best interests of Shareholders.

The Shareholder Rights Plan is intended to provide all Shareholders with an equal opportunity to share in any premium paid upon an acquisition of control of Hyduke. While existing securities legislation has substantially addressed many concerns of unequal treatment, there remains the possibility that control of an issuer may be acquired pursuant to a private agreement in which a small group of shareholder dispose of their securities at a premium to the market price which premium is not shared by other shareholders. In addition, a person may slowly accumulate securities through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control

premium among all shareholders. The Shareholder Rights Plan addresses these concerns as it applies to all acquisitions greater than 20% of the Common Shares to better ensure that all Shareholders receive equal treatment.

Rights plans have been adopted by a large number of publicly held entities in Canada and the United States. The terms of the Shareholder Rights Plan are substantially similar to those adopted by a number of major public Canadian corporations and other entities.

### ***Summary of Shareholders Rights Plan***

The following is a summary of the terms and conditions of the Shareholder Rights Plan. This summary is qualified in its entirety by, and is subject to, the full text of the Shareholder Rights Plan, a copy of which is available on Hyduke's website at [www.hyduke.com](http://www.hyduke.com) or on request to the Corporation as described in this Circular. All capitalized terms where used in this summary without definition have the meanings attributed to them in the Shareholder Rights Plan.

### **Issuance of Rights**

One Right will be issued in respect of each Common Share outstanding as of the Record Time (i.e. 4:00 p.m. (Edmonton time) on the Effective Date (as defined in the Shareholder Rights Plan)). One Right will also be issued in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time. The initial exercise price of the Rights is three times the Market Price and shall be subject to adjustment in certain events as provided in the Shareholder Rights Plan.

### **Expiration Time**

Unless earlier terminated in accordance with the Shareholder Rights Plan, the Rights will expire on the date of the annual meeting of the shareholders of the Corporation in the year 2019 unless the continuation of the Shareholder Rights Plan for an additional three years is ratified by a vote of Independent Shareholders at that annual meeting. Further continuations may be ratified at by the Independent Shareholders at annual meetings of shareholders in successive three-year intervals.

### **Separation Time – Rights Exercise Privilege**

The Rights will separate from the Common Shares, and will become exercisable, at the Separation Time, i.e., that time which is: the tenth trading day after the earliest of: (i) the Stock Acquisition Date, being the date of the first public announcement by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person; and (ii) the date of commencement of, or first public announcement of, the intent of any Person to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such, or such later date as may be determined by the Board.

The Rights will not be exercisable prior to the Separation Time.

### **Exercise of Rights**

The acquisition by an Acquiring Person, including others acting jointly in or concert, of 20% or more of the outstanding Common Shares, other than by way of a Permitted Bid and other certain limited circumstances described in Shareholder Rights Plan, is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time and the Stock Acquisition Date will become null and void upon the occurrence of a Flip-in Event.

Effective as of the close of business on the tenth trading day after the Stock Acquisition Date, each Right (other than those held by an Acquiring Person) will permit the holder to purchase the number of Common Shares that have a total market value equal to three times the Exercise Price, at a purchase price equal to the Exercise Price (i.e., at a 66 2/3% discount).

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Common Shares, reported earnings per Common Share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise the Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

### **Certificates and Transferability**

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares. Prior to the Separation Time, Rights will not be transferable separately from the attached Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Common Shares.

### **Permitted Bid Requirements**

The requirements of a Permitted Bid include the following:

1. the take-over bid must be made by means of a take-over bid circular;
2. the take-over bid must be made to all holders of Common Shares, other than the bidder;
3. the take-over bid must not permit Common Shares tendered pursuant to the take-over bid to be taken up prior to the expiry of a period of not less than 105 days following the date of the bid and then only if at such time more than 50% of the Common Shares held by Independent Shareholders have been tendered pursuant to the take-over bid and not withdrawn; and
4. if more than 50% of the Common Shares held by Independent Shareholders have been tendered to the take-over bid on the date on which Common Shares may be taken up under the take-over bid, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for at least an additional 10 business days from the date of such public announcement.

The Shareholder Rights Plan allows a Competing Permitted Bid to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except for the minimum deposit period. Subject to certain exceptions, a Competing Permitted Bid is subject to a condition that no Common Shares will be taken up and paid for prior to 105 days after the date the earliest Permitted Bid then in existence is made, and in any case, not prior to 35 days after the Competing Permitted Bid is made.

### **Redemption**

The Board may, with the prior consent of the holders of Common Shares or Rights, as the case may be, given in accordance with the terms of the Shareholder Rights Plan, at any time prior to the occurrence of a Flip-in Event, determine to redeem all, but not less than all, of the outstanding Rights at a redemption price of \$0.000001.

### **Waiver**

The Board may, at any time prior to the occurrence of a Flip-in Event, determine to waive the application of the Flip-in Event provisions to a take-over bid made by means of a take-over bid circular that would otherwise be subject to these provisions. If the Board waives the application of the Flip-in Event provisions to a take-over bid, the Board is deemed to have waived the application of the Flip-in Event provisions to any other Flip-in Event occurring by reason of any competing take-over bid made by means of a take-over bid circular prior to the expiry of the take-over bid for which the waiver was granted. The Board may also waive the application of the Flip-in Event provisions to a Flip-in Event where the Acquiring Person became such by inadvertence, subject to it no longer being an Acquiring Person within a specified period of time. The Board may waive the application of the Flip-in Event provisions to any other Flip-in Event upon the prior consent of the holders of the Common Shares or Rights, as the case may be, given in accordance with the terms of the Shareholder Rights Plan.

### **Supplement and Amendments**

The Corporation is authorized to make amendments to the Shareholder Rights Plan to correct any clerical or typographical error or to maintain the validity of the Shareholder Rights Plan as a result of changes in law or regulation. The Corporation may, with the prior consent of the holders of Common Shares expressed by majority vote, at any time before the Separation Time or, if after the Separation Time, with the prior consent of holders of Rights expressed by majority vote, amend, vary, rescind or delete any provision of the Shareholder Rights Plan and the Rights (whether or not such action would materially adversely affect the interests of holders of Rights generally).