



### Notice of Annual and Special Meeting of Shareholders

TO: **The Shareholders of Xtreme Coil Drilling Corp.**

TAKE NOTICE that an annual and special meeting (the "**Meeting**") of the shareholders of Xtreme Coil Drilling Corp. ("**Xtreme Coil**" or the "**Corporation**") will be held in the Viking Room of the Petroleum Club, 319 Fifth Avenue S.W., Calgary, Alberta, on Wednesday, April 22, 2009 at 3:00 p.m. (Calgary time) for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the year ended December 31, 2008, together with the report of the auditors thereon;
2. to fix the number of directors to be elected at the Meeting at seven (7);
3. to elect directors of the Corporation for the ensuing year;
4. to appoint auditors for the ensuing year at a remuneration to be determined by the Board of Directors;
5. to consider and, if thought fit, pass an ordinary resolution approving certain amendments to the Corporation's By-Laws;
6. to consider and, if thought fit, pass an ordinary resolution approving all unallocated stock options under the Corporation's stock option plan;
7. to consider and, if thought fit, pass an ordinary resolution approving certain amendments to the Corporation's stock option plan; and
8. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the information circular of the Corporation dated March 16, 2009 (the "**Information Circular**") accompanying and forming part of this Notice.

**Shareholders of Xtreme Coil who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and deposit, mail or fax to the office of our transfer agent, Valiant Trust Company, Proxy Department, 310, 606 Fourth Street S.W., Calgary, Alberta, T2P 1T1, or by fax to (403) 233-2857. In order to be valid and acted upon at the Meeting, Instruments of Proxy must be returned to the aforesaid address not later than 5:30 p.m. (Calgary time) on the second last business day preceding the date of the Meeting or any adjournment thereof.**

**Shareholders are cautioned that use of the mail to transmit proxies is at each shareholder's risk.**

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on March 23, 2009 (the "**Record Date**"). Shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, except to the extent that any such shareholder transfers any Common Shares after the Record Date and the transferee of those shares establishes that he owns the shares and demands, not less than ten days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Calgary, Alberta  
March 16, 2009

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Thomas D. Wood*"

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Thomas D. Wood  
Chairman



**INFORMATION CIRCULAR**  
**dated March 16, 2009**  
**for the**  
**Annual and Special Meeting of Shareholders**  
**to be held on Wednesday, April 22, 2009**

**SOLICITATION OF PROXIES**

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Xtreme Coil Drilling Corp. ("Xtreme Coil" or the "Corporation")** for use at the Annual and Special Meeting of the shareholders of Xtreme Coil (the "**Meeting**") to be held on April 22, 2009 at 3:00 p.m. The Meeting will be held in the Viking Room, Calgary Petroleum Club, Calgary, Alberta, Canada, and at any adjournment thereof, for the purposes set forth in the Notice of Annual and Special Meeting. Instruments of Proxy must be received by Xtreme Coil c/o Valiant Trust Company, 310, 606 Fourth Street S.W., Calgary, Alberta T2P 1T1, not less than 48 hours (excluding Saturdays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The Board of Directors (the "**Board**") of Xtreme Coil has fixed the record date for the Meeting at the close of business on March 23, 2009 (the "**Record Date**"). Only holders of common shares (the "**Common Shares**") of Xtreme Coil of record as at the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers Common Shares after the Record Date and the transferee establishes ownership of such 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 at the Meeting.

Unless otherwise stated, the information contained in this Information Circular is given as at March 12, 2009.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**The persons named in the enclosed form of proxy are directors and/or officers who are named in the proxy of Xtreme Coil. Each shareholder has the right to appoint a proxyholder other than the persons designated above, who need not be a shareholder, to attend and to act for the shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.**

**REVOCABILITY OF PROXY**

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the registered office of Xtreme Coil at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

## PERSONS MAKING THE SOLICITATION

**The solicitation is made on behalf of the management of Xtreme Coil.** The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Annual and Special Meeting and this Information Circular will be borne by Xtreme Coil. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors and officers of Xtreme Coil, who will not be specifically remunerated therefor. While no arrangements have been made to date by Xtreme Coil, it may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by Xtreme Coil in soliciting proxies will be paid by Xtreme Coil.

No person is authorized to give any information or make any representations other than those contained in this Information Circular, and if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

## EXERCISE OF DISCRETION BY PROXY

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

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

## NOTICE TO BENEFICIAL HOLDERS OF SECURITIES

**The information set forth in this section is of significant importance to many public shareholders of the Corporation, as a substantial number of the public shareholders of the Corporation do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The CDS Clearing and Depository Services Inc. which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically mails a scannable Voting Instruction Form in lieu of the Form of Proxy. The Beneficial Shareholder is asked to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively the Beneficial Shareholder can call a toll-free telephone number or access Broadridge's dedicated voting website at [www.proxyvote.com](http://www.proxyvote.com) to deliver their voting instructions and vote the Common Shares held by Beneficial Shareholder, Broadridge then tabulates the results of all instructions received and provides appropriate

instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Common Shares directly at the Meeting - the Voting Instruction Form must be returned to Broadridge well in advance of the Meeting to have the Common Shares voted.**

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

## **BUSINESS OF THE MEETING**

### **Presentation of Financial Statements**

At the Meeting, shareholders will receive and consider the consolidated audited financial statements of Xtreme Coil for the period ended December 31, 2008 and the Auditor's Report on such statements.

### **Fixing the Number of Directors**

At the Meeting, it is proposed that the number of directors to be elected at the Meeting be set at seven (7), as may be adjusted between shareholders' meetings by way of resolution of the Board. Accordingly, unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of fixing the number of directors to be elected at the Meeting, at seven (7).

The full text of the resolution is as follows:

"Be it hereby resolved that the number of directors of Xtreme Coil to be elected at the Meeting be set at seven."

### **Election of Directors**

At the Meeting, shareholders will be asked to elect seven (7) directors to hold office until the next annual meeting of the Corporation or until their successors are elected or appointed. There are presently seven (7) directors of Xtreme Coil.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors of the seven nominees hereinafter set forth.

Randolph M. Charron  
Daniel A. Remenda  
Peter J. Sharpe  
Marc L. Staniloff  
Kyle W. Swingle  
David A. Tuer  
Thomas D. Wood

The names and municipalities and countries of residence of the persons nominated for election as directors, the number of Common Shares as at March 12, 2009, beneficially owned, directly or indirectly, or over which each director exercises control or direction, the period served as a director, and the principal occupation of each director, are as follows:

<b>Name and Jurisdiction of Residence</b>	<b>Position Held</b>	<b>Director Since</b>	<b>Principal Occupation during the Past Five Years</b>	<b>Number of Common Shares Owned, Controlled or Directed Directly or Indirectly<sup>(11)</sup></b>
Randolph M. Charron <sup>(2)(4)(5)</sup> Calgary, Alberta Canada	Founder, Director	June 2005	President of Characo Corporation, a private investment firm.	2,463,999 (6.05%)
Daniel Z. Remenda <sup>(1)(3)(4)(6)</sup> Calgary, Alberta Canada	Director	June 2005	President of Danich Investments Limited, a private investment firm.	384,889 (0.95%)
Peter J. Sharpe <sup>(4)</sup> Rijswijk, The Netherlands	Director	June 2008	Vice President Technical, Wells since 2006 of Shell International Exploration and Production B.V., The Hague, The Netherlands; Regional Wells Manager from 2004 to 2006, Shell Asia Pacific	nil
Marc Staniloff <sup>(1)(2)(3)(7)</sup> Calgary, Alberta Canada	Director	August 2006	Chairman and Chief Executive Officer of Superior Lodging Corp. a hotel franchising corporation.	553,983 (1.36%)
Kyle W. Swingle <sup>(8)</sup> Long Tree, Colorado United States	Founder, Director	December 2005	Senior Technical and Project Advisor to Xtreme Coil Drilling Corp.; previously, Chief Operating Officer of Xtreme Coil Drilling Corp.	1,525,814 (3.75%)
David A. Tuer <sup>(1)(2)(3)(9)</sup> Calgary, Alberta Canada	Director	May 2006	Vice Chairman and Chief Executive Officer since May 2008 of Marble Point Energy Ltd., a private oil and gas exploration company; previously independent businessman and Chairman, Calgary Health Region 2001– 2008..	106,000 (0.26%)
Thomas D. Wood <sup>(10)</sup> Calgary, Alberta Canada	Founder, Chairman of the Board and Executive Chairman	June 2005	Chief Executive Officer of Round- Up Resource Services Ltd., a private investment firm.	3,521,102 (8.65%)

*Notes:*

1. Member of the Audit Committee
2. Member of the Corporate Governance and Nomination Committee
3. Member of the Compensation Committee
4. Member of the Health, Safety and Environment Committee
5. Of these 2,463,999 Common Shares, 700,000 Common Shares are held by Characo Corporation, 4,500 Common Shares are held by E-Soft Inc., both of which are companies owned and controlled by Randolph Charron, and 99,000 Common Shares are held by Randolph Charron's spouse. Randolph Charron also holds 175,000 options to purchase Common Shares, each option once vested entitling the holder to acquire one (1) Common Share at \$3.00 per Common Share prior to July 10, 2010.
6. Of these 384,889 Common Shares, 100,000 Common Shares are held by Danich Investments Inc., and 271,555 Common Shares are held by DZR Trust III, both of which are companies owned and controlled by Daniel Remenda, and 13,334 Common Shares are held by members of Daniel Remenda's family. Daniel Remenda also holds 150,000

options to purchase Common Shares, each option once vested entitling the holder to acquire one (1) Common Share at \$3.00 per Common Share prior to July 21, 2010.

7. Of these 553,983 Common Shares, 7,666 Common Shares are held by Marc Staniloff's spouse, 31,000 Common Shares are held in trust for Marc Staniloff's children, 73,300 Common Shares are held by SLC Development Corp., 274,484 Common Shares are held by Stanbar Investments Consultants Ltd. and 49,000 Common Shares are held by TKS (Sub Holdings Ltd.), all of which are companies owned and controlled by Marc Staniloff. Marc Staniloff also holds 50,000 options to purchase Common Shares, of which 30,000 options once vested entitle the holder to acquire one (1) Common Share at \$11.94 per Common Share prior to August 23, 2011 and 20,000 options once vested entitle the holder to acquire one (1) Common Share at \$4.85 per Common Share prior to October 28, 2013.
8. Of these 1,525,814 Common Shares, 892,548 Common Shares are held by Kyle W. Swingle Revocable Trust and Kathy Swingle Revocable Trust, a private corporation. Kyle Swingle also holds 300,000 options to purchase Common Shares, each option once vested entitling the holder to acquire one (1) Common Share at an exercise price of \$3.00 per Common Share prior to July 21, 2010.
9. David Tuer also holds 50,000 options to purchase Common Shares, each option once vested entitling the holder to acquire one (1) Common Share at \$3.00 per Common Share prior to December 5, 2010.
10. Of these 3,521,102 Common Shares, 75,000 Common Shares are held by Netzero Inc., a corporation owned and controlled by Thomas Wood; 5,000 Common Shares are held by Round-Up Resource Service Ltd., a private corporation owned and controlled by Thomas Wood; 9,900 Common Shares are held by the Wood Family Trust, a private corporation. Thomas Wood also holds 275,000 options to purchase Common Shares, each option once vested entitling the holder to acquire one (1) Common Share at an exercise price of \$3.00 per Common Share prior to July 21, 2010 and 100,000 options to purchase Common Shares, each option once vested entitling the holder to acquire one (1) Common Share an exercise price of \$9.49 per Common Share prior to July 17, 2013.
11. The information as to Common Shares beneficially owned, controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees.

As at March 12, 2009, no proposed director nor his associates or affiliates, beneficially owned, controlled or directed directly or indirectly, voting securities carrying more than 10 percent of the voting rights attached to all voting securities of Xtreme Coil, or of a subsidiary of Xtreme Coil.

As at March 12, 2009, our directors and executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 8,824,234 Common Shares, or approximately 21.7 percent of the issued and outstanding Common Shares.

The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Corporation by the respective nominees.

### **Other Reporting Issuers**

Certain directors of the Corporation are presently directors of other reporting issuers as set out in the table below.

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Thomas D. Wood	Wrangler West Energy Corp.
Randolph M. Charron	Phoenix Technology Income Fund Wrangler West Energy Corp.
Marc L. Staniloff	Holloway Lodging REIT
David A. Tuer	Canadian Phoenix Resources Corp. Daylight Resources Trust AltaLink Management Ltd. Canadian Natural Resources Limited

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

To our knowledge, no proposed director is, or has been, within the ten years prior to the date of this Information Circular, a director, chief executive officer, chief financial officer of any other issuer that:

1. was subject to an order as defined in section 7.2.3 of Form 51-102F5, (an "**Order**") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer;
2. was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
3. was a director or officer of a corporation that, while acting within that capacity or, within a year of the person ceasing to act as a director or officer of the corporation became bankrupt or 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 his assets.

In addition, no proposed director has, within the ten years before the date of this information 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 his assets.

The full text of the resolution is as follows:

"Be it hereby resolved that the seven nominees proposed by the Board in the Information Circular – Proxy Statement of the Corporation dated March 16, 2009 be elected directors of Xtreme Coil until the next annual meeting of shareholders or until their successors are elected or duly appointed."

### **Appointment of Auditors**

Unless otherwise directed, it is management's intention to vote proxies in favour of an ordinary resolution to appoint PricewaterhouseCoopers LLP, Chartered Accountants, to serve as auditors of Xtreme Coil until the next annual meeting of the shareholders and to authorize the directors to fix the auditor's remuneration. PricewaterhouseCoopers LLP has been the Corporation's auditors since May, 2005.

The full text of the resolution is as follows:

"Be it hereby resolved that PricewaterhouseCoopers LLP, Chartered Accountants, be appointed to serve as auditors of the Corporation until the next annual meeting of shareholders and the directors of Xtreme Coil be authorized to fix the remuneration payable to the auditors."

Certain information regarding Xtreme Coil's Audit Committee, including the fees paid to Xtreme Coil's auditors in the last two fiscal years, that is required to be disclosed in accordance with Multilateral Instrument 52-110 of the Canadian Securities Administrators will be contained in Xtreme Coil's annual information form for the year ended December 31, 2008, an electronic copy of which is available on the internet on Xtreme Coil's SEDAR profile at [www.sedar.com](http://www.sedar.com) or, upon request, a copy will be provided by Xtreme Coil free of charge to any of its securityholders.

### **Amendments to the Corporation's By-Laws**

The shareholders are asked to consider and, if thought fit, adopt a resolution approving certain amendments to the Corporation's existing general by-law (the "**By-laws**"). The amendments were previously approved by a majority of the Board at a meeting on March 12, 2009.

The Board is of the opinion that the proposed amendments to the By-Laws are in the best interests of the Corporation and its shareholders. Therefore, the Board recommends that shareholders vote in favour of the resolution.

The full text of the resolution along with the complete set of amendments to the By-laws is set out in Schedule "A" to this Information Circular.

"WHEREAS it is deemed to be in the best interest of the Corporation and its shareholders to amend the By-laws of the Corporation:

NOW THEREFORE BE IT HEREBY RESOLVED THAT:

1. the By-laws of the Corporation are amended as indicated in Schedule "A" to this Information Circular, and all changes to the By-laws indicated in such Schedule "A" are hereby authorized and approved; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing."

### **Renewal Approval of Unallocated Options under the Stock Option Plan**

In accordance with the requirements of the Toronto Stock Exchange (the "**TSX**"), every three years after institution of a "rolling" stock option plan, all unallocated options, rights and other entitlements under such rolling stock option plan must be approved by both a majority of the issuer's board of directors and a majority of the issuer's securityholders. As the Corporation's stock option plan (the "**Stock Option Plan**") is a rolling plan that was approved at the Corporation's annual general and special meeting on April 20, 2006 (the "**2006 Meeting**"), the shareholders are asked to consider and, if thought fit, adopt a resolution approving all unallocated options issuable pursuant to the Stock Option Plan at the Meeting. The unallocated options under the Stock Option Plan were previously approved by a majority of the Board at a meeting on March 12, 2009. If all unallocated options issuable pursuant to the Stock Option Plan are approved by a majority of shareholders at the Meeting, the Corporation will have the ability to continue to granting options under the Stock Option Plan until April 22, 2012, which is a date that is three years from the date where shareholder approval is being sought.

In compliance with sections 613(d) and (g) of the rules of the TSX, certain terms of, and information relating to, the Stock Option Plan are provided in this Information Circular under the heading, "Compensation of Executive Officers and Directors – Compensation Discussion and Analysis: Stock Option Plan".

If the resolution approving all unallocated options under the Stock Option Plan is not approved by the shareholders at the Meeting, then options that are currently outstanding will continue unaffected, however, no additional options may be granted under the Stock Option Plan. Furthermore, options that are currently outstanding and which are subsequently cancelled or terminated will not be available for issuance under the Stock Option Plan. Additionally, as the Stock Option Plan was initially approved at the 2006 Meeting and the Meeting is greater than three years after the 2006 Meeting, Xtreme Coil shall not grant any additional options during the period between April 20, 2009 and the date of the Meeting.

The Board is of the opinion that the approval of unallocated options under the Stock Option Plan is in the best interests of the Corporation and its shareholders. Therefore, the Board recommends that shareholders vote in favour of the following resolution.

The full text of the resolution is as follows:

"WHEREAS

1. On April 20, 2006, the shareholders of the Corporation adopted a resolution approving the implementation of the Stock Option Plan that provides for an overall rolling maximum of 10% of the aggregate number of outstanding Common Shares from time to time calculated on a non-diluted basis when combined with all of the Corporation's other security-based compensation arrangements;
2. the rules of the TSX provide that all unallocated options under security-based compensation plans that do not have a fixed maximum number of securities issuable be approved every three years; and
3. at its meeting held on March 12, 2009, subject to shareholder approval, the Board of Directors approved all unallocated options under the Stock Option Plan.

NOW THEREFORE BE IT RESOLVED THAT:

1. all unallocated options under the Stock Option Plan be and are hereby approved;
2. the Corporation has the ability to continue granting options under the Stock Option Plan until April 22, 2012, which is the date that is three years from the date where shareholder approval is being sought; and
3. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in their sole discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution."

**Amendments to the Stock Option Plan**

On March 12, 2009, a majority of the Board approved certain amendments to the Stock Option Plan, subject to ratification by the shareholders at the Meeting. The purpose of the amendments to the Stock Option Plan is to update the Stock Option Plan so that it reflects the graduation of Xtreme Coil from the TSX Venture Exchange to the TSX and also to better align its terms with TSX policies relating to security-based compensation plans.

All of the amendments to the Stock Option Plan are reflected in the revised Stock Option Plan attached to this Information Circular as Schedule "B". Many of the amendments to the Stock Option Plan are of a housekeeping nature, those amendments that are considered material include:

- the price that options will be granted at will no longer be the volume weighted average trading price of the Common Shares on the TSX calculated by dividing the total value of the Common Shares by the total volume of the Common Shares traded in the 10 trading days immediately preceding the date of grant of the option, but instead, the price that options will be granted at will be the higher of: (i) the closing trading price per Common Share on the TSX on the last trading day preceding such date, and (ii) the closing trading price per Common Share on the Exchange on the trading day following such date;
- the maximum term of an option will be expanded from 5 years to 10 years;

- the limitations on option grants to insiders will be amended to clarify that any limitations on insider participation under the Stock Option Plan are to be determined in connection with such insider participation in any other share-based compensation arrangements the Corporation may have in place at a given time; and
- the amendments that the Board will be permitted to make to the Stock Option Plan without shareholder approval will be limited to changes of a "housekeeping" nature, changes to the vesting provisions of options and changes to the termination provisions of options or the Stock Option Plan which do not entail an extension beyond the original expiry date.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve an ordinary resolution to approve the revisions to and the renewal of the Stock Option Plan. The terms of the Stock Option Plan are summarized in this Information Circular under the heading "Compensation of Executive Officers and Directors – Compensation Discussion and Analysis: Stock Option Plan".

The full text of the resolution is as follows:

"WHEREAS it is deemed to be in the best interest of the Corporation and its shareholders to amend the Stock Option Plan of the Corporation:

NOW THEREFORE BE IT HEREBY RESOLVED THAT:

1. the Stock Option Plan of the Corporation is amended as indicated in the Information Circular, including Schedule "B" to this Information Circular, and all changes to the Stock Option Plan indicated in such Schedule "B" are hereby authorized and approved; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing."

## INFORMATION CONCERNING THE CORPORATION

### Voting Shares and Principal Holders Thereof

As at March 12, 2009, there were 40,726,169 issued and outstanding Common Shares of Xtreme Coil, each such Common Share carrying the right to one vote per Common Share on a ballot at the Meeting. A quorum for the transaction of business at the Meeting is not less than two persons present in person, and representing not less than 5 percent of the Common Shares entitled to be voted at the Meeting. The Board have fixed the Record Date for the Meeting as the close of business on March 23, 2009.

To the knowledge of the directors and senior officers of Xtreme Coil, as at March 12, 2009, no person or company beneficially owned, controlled or directed, directly or indirectly, voting securities of the Corporation carrying more than 10 percent of the voting rights attached to any class of voting securities of the Corporation, except as set out below.

<u>Class of Securities</u>	<u>Name and Address of Securityholder</u>	<u>Beneficial Ownership</u>	<u>Total Number of Securities Held</u>	<u>Percentage of Issued Common Shares</u>
Common Shares	CDS & Co. 25 The Esplanade PO Box 1038, Stn. A Toronto, ON M5W 1G5	Unknown	28,993,510	71.19%

Common Shares	Palo Alto Investors, LLC	Palo Alto Investors, LLC	4,693,900	11.53%
Common Shares	Shell Technology Ventures Fund 1 B.V.	Shell Technology Ventures Fund 1 B.V.	6,975,601	17.13%

## **COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

### **Compensation Discussion and Analysis**

#### ***Objectives of Compensation Program***

The Corporation's compensation policies are designed to attract and retain key members of the management team. The Corporation is committed to a compensation policy that rewards and retains individuals of exceptional skill while encouraging those individuals to put forth maximum efforts for the success of the Corporation. The compensation policy further attempts to focus management of the Corporation on operating and financial performance and long-term shareholder return.

#### ***What the Compensation Program is Designed to Reward***

The Corporation's compensation plans and programs are designed so as to constitute adequate reward for services and incentive for the senior management team to implement both short-term and long-term strategies aimed at increasing value of the Common Shares and creating economic value. The Corporation's compensation strategy is therefore weighted towards pay-for-performance components. Actual rewards are directly linked to the results of the Corporation and its decisions.

Remuneration potential as well as the allocation of various remuneration and incentive components has been established in order to compete with remuneration practices of companies similar to the Corporation. In this respect, the Corporation identifies remuneration practices and remuneration levels of publicly traded Canadian companies that, similarly to the Corporation, are involved in the energy services. For 2008, the Corporation compared itself to the following companies as appropriate: Akita Drilling Ltd., Ensign Energy Services Inc., Pantera Drilling Income Trust, Precision Drilling Trust, Savanna Energy Services Corp., Saxon Energy Services Inc., Stoneham Drilling Trust, Trican Well Service Ltd. and Trinidad Drilling Ltd.

In addition, the Corporation reviews general compensation surveys on an annual basis to compare the Corporation's compensation policies to generally accepted practices for publicly traded energy services companies.

#### ***Elements of Compensation Program***

The Corporation's current compensation plan for its executive officers consists of the following items: (i) competitive base salary; (ii) the Stock Option Plan; and (iii) the Employee Stock Purchase Plan. The Board has discussed, but has not yet designed or implemented a formal bonus plan.

#### ***Base Salaries***

The primary element of the Corporation's compensation program is base salary. Executive officers' salaries are reviewed annually and the intent is to establish base salaries taking into consideration individual salaries as compared to those paid to executives of other companies of comparable size and stage of growth within the energy services industry. Such information will be provided from time to time to the Corporation by independent consultants who regularly review compensation practices in Canada. The executive salaries of Xtreme Coil are intended to be in the median range of competitive compensation in the energy services industry.

### ***Stock Option Plan***

Xtreme Coil has in place a Stock Option Plan providing for the granting of options to purchase Common Shares to officers, directors, key employees and consultants of Xtreme Coil and its subsidiaries. The purpose of the Stock Option Plan is to align the interest of officers, directors, key employees and consultants of Xtreme Coil and its subsidiaries in the growth and development of Xtreme Coil and its subsidiaries by providing them with the opportunity, through options to purchase Common Shares, to acquire ownership interest in Xtreme Coil.

As at March 12, 2009, pursuant to the Stock Option Plan, Xtreme Coil had outstanding 2,865,000 options to purchase Common Shares (approximately seven percent of the total Common Shares outstanding). Below are some of the key features of the Stock Option Plan:

1. our directors, officers, key employees and consultants, or those of our subsidiaries, are eligible to receive options under the Stock Option Plan;
2. the maximum number of Common Shares issuable pursuant to the Stock Option Plan is a "rolling" maximum equal to 10 percent of the total outstanding Common Shares on a non-diluted basis. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Stock Option Plan, and any exercises of options will make new grants available under the Stock Option Plan;
3. as at March 12, 2009, the total number of Common Shares issuable under outstanding option grants was 2,865,000, representing seven percent (7%) of the aggregate number of issued and outstanding Common Shares on a non-diluted basis;
4. as at March 12, 2009, the total number of Common Shares that are available for option grants was 1,207,616, including those number of options which are available but not yet reserved, which unallocated options are subject to shareholder approval as discussed under the heading "Business of the Meeting - Renewal Approval of Unallocated Options under the Stock Option Plan";
5. upon exercise, cancellation or expiration of any options, the Common Shares subject to such options shall be available for other options to be granted from time to time;
6. the option price for each option to purchase Common Shares is the "Market Price" of the Common Shares at any date which shall mean the volume-weighted average trading price of the Common Shares on the TSX calculated by dividing the total value of the Common Shares by the total volume of the Common Shares traded in the 10 trading days immediately preceding the date of grant of the option (or, if the Common Shares are not then listed and posted for trading on the TSX, such price as required by such stock exchange in Canada on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event the Common Shares are not listed and posted for trading on any stock exchange in Canada, the Market Price shall be determined by the Board in its sole discretion, acting reasonably;
7. the option price is fixed by the Board and shall not, at the time of grant, be lower than the Market Price;
8. when exercising an option, the optionholder has the right to require the Corporation to pay an "in-the-money" amount to him or her and the option will be terminated. The "in the money" amount is calculated by subtracting the exercise price of an option from the weighted average trading price of Common Shares for the 10 days prior to giving of notice to Xtreme Coil, by the optionholder of the election to exercise the right. The Board may determine not to accept the notice and require the individual to exercise the option instead. The advantage to Xtreme Coil of allowing this right is, if the optionholder exercises the right instead of exercising the option in the traditional manner, Common Shares would not be issued, resulting in less dilution during the term of the Stock Option Plan;

9. the Stock Option Plan provides that the aggregate number of Common Shares reserved for issuance to any one person under the Plan, together with all other share-based compensation arrangements of the Corporation, must not exceed 5 percent of the then outstanding Common Shares;
10. the Stock Option Plan provides that the aggregate number of Common Shares reserved for issuance to insiders under the Plan, together with all other share-based compensation arrangements of the Corporation, must not exceed 10 percent of the then outstanding Common Shares;
11. the Stock Option Plan provides that the aggregate number of Common Shares issuable to insiders under the Plan, together with all other share-based compensation arrangements of the Corporation, within a one-year period must not exceed 10 percent of the then outstanding Common Shares;
12. the vesting arrangements are within the discretion of the Board;
13. the term of option grants are within the discretion of the Board, but cannot be longer than 5 years;
14. other than by reason of death, options terminate on the earlier of (i) the close of business 30 days after the optionholder ceases to be at least one of a key employee, director, officer or consultant of Xtreme Coil; (ii) the close of business 30 days after the optionholder has been provided with written notice of dismissal and (iii) the expiry date of the option;
15. in the event of death of an optionholder, any unvested portion of such optionholders options shall immediately vest and may be exercised by such optionholders legal representative up to 90 days after the death of the optionholder, unless extended by the Board;
16. options granted under the Stock Option Plan are non-assignable;
17. the Board may amend or discontinue the Stock Option Plan at any time without the consent of the participants provided options previously granted are not altered; and,
18. the number of Common Shares issued to insiders, within a one year period, cannot exceed 10 percent of our issued Common Shares.

#### ***Employee Stock Purchase Plan and 401(k) Plan***

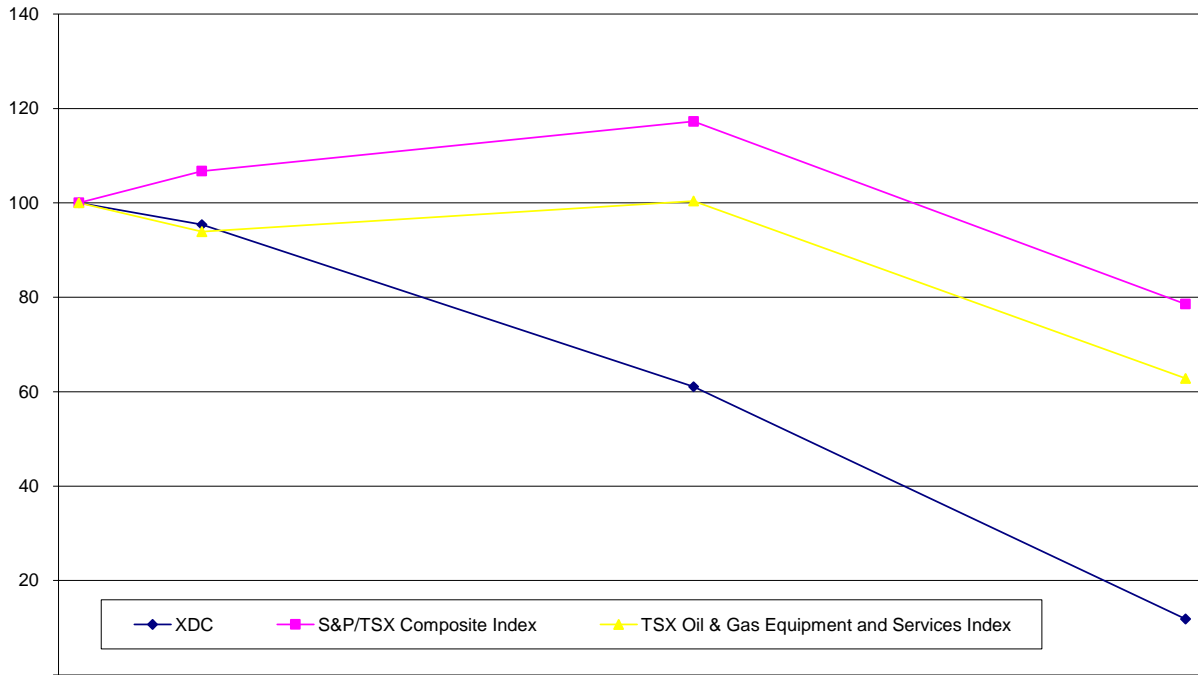
For Canadian employees, the Board approved an Employee Stock Purchase Plan ("**ESPP**") for implementation effective January 1, 2007 whereby employees are eligible to allocate a percentage of their monthly base salary which percentage the Corporation matches up to a maximum of five percent. The ESPP employee contribution plus the Corporation's contribution comprise a monthly aggregate used to purchase Common Shares in the Corporation.

For United States' employees, the Board approved and implemented, on January 1, 2007, a 401(k) Plan wherein employees are eligible to allocate a percentage of their payroll period salary and the Corporation matches the employee allocation, up to a maximum of five percent. The participating employee allocation plus the matching Corporation's contribution comprise a payroll period aggregate for the purchase of investment(s) from a menu of market investment choices made available within the 401(k) Plan.

#### ***Performance Graph***

The following graph compares the change in cumulative total shareholder return during the period from September 5, 2006, when the Common Shares commenced trading on the TSX, and December 31, 2008, of a \$100 investment in Common Shares with the cumulative total return of the S&P/TSX Composite Index.

Cumulative Total Return on \$100 Investment



	Sep 5, 2006	Dec 31, 2006	Dec 31, 2007	Dec 31, 2008
<b>Xtreme Coil</b>	100	95	61	12
<b>S&amp;P/TSX Composite Index</b>	100	107	117	79
<b>TSX Oil &amp; Gas Equipment and Services Index</b>	100	94	100	63

The trend shown in the above graph does not necessarily correspond to the Corporation's compensation to its Named Executive Officers (as defined below) for the period ended December 31, 2008 or for any prior fiscal periods. The Corporation's executive compensation is reviewed annually and set by the Board which considers several factors in connection with its determination of appropriate levels of compensation, including, but not limited to, the demand for and supply of skilled professionals in the oil and gas and oil and gas service industries generally, individual performance, the Corporation's performance (which is not necessarily tied exclusively to the trading price of the Common Shares on the TSX) and other factors discussed under "Compensation Discussion and Analysis" above. The trading price of the Common Shares on the TSX is subject to fluctuation based on several factors, many of which are outside the control of the Corporation. These include, but are not limited to, fluctuations and volatility in commodity price markets for oil, natural gas and natural gas liquids, input costs relating to products used in connection with the Corporation's services, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors. The Corporation also examines and considers executive compensation levels relative to its industry peer groups, many of which do not necessarily correspond to the market or trading price of such industry peer groups' securities.

### Option-Based Awards

The grant of options is part of the long-term incentive component of executive compensation. As such, the formal Stock Option Plan was approved by shareholders on April 20, 2006. The annual grant of options under the Stock Option Plan is part of the annual review of executive compensation by the Compensation Committee. This review may be more or less extensive depending on the circumstances. The President and Chief Executive Officer and the Manager, Human Resources provide a detailed presentation and a recommendation of the executive long-term incentive grants to the Compensation Committee. The recommendations are based on an analysis by the President and Chief Executive Officer and Manager, Human Resources of the achievements of the Named Executive Officers (as defined below) in respect of the goals set by the Board for the particular year and are further supported by market data and input from any independent compensation consultants that are retained. The Compensation Committee then reports to the Board for approval.

### Summary Compensation Table

The following table sets forth information concerning the compensation to Xtreme Coil's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and each of the three most highly compensated executive officers of the Corporation whose total compensation was individually more than \$150,000 for that financial year (collectively, the "Named Executive Officers" or "NEOs") for the most recently completed financial year.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)			All Other Compensation <sup>(2)</sup>	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans	Pension Value (\$)		
Thomas D. Wood, Chief Executive Officer <sup>(3)</sup>	2008	Nil	Nil	320,205	Nil	Nil	n/a	16,169	336,374
Vic Fitch, Chief Financial Officer	2008	147,500	Nil	117,053	Nil	Nil	n/a	23,308	287,861
Rodney J. Uchytıl, President <sup>(4)</sup>	2008	163,453	Nil	788,872	Nil	Nil	7,117	12,432	971,874
Kyle W. Swingle, Chief Operating Officer <sup>(5)</sup>	2008	159,900	Nil	Nil	Nil	Nil	n/a	17,919	177,819
Richard D. Havinga, Vice President, Engineering & Design	2008	215,000	Nil	277,156	Nil	Nil	n/a	23,324	515,480

#### Notes:

- This amount is based on the grant date fair value of the award.
- The type and amount of each perquisite, the value of which exceeds 25 percent of the total value of perquisites reported for the NEO for the 2008 financial year, are as follows:
  - Mr. Wood: Club membership (\$16,169);
  - Mr. Fitch: Vehicle allowance and expenses (\$15,933) and employee stock purchase plan (\$7,375);
  - Mr. Uchytıl: Vehicle allowance and expenses (\$12,432);
  - Mr. Swingle: Vehicle allowance and expenses (\$17,919); and

- Mr. Havinga: Vehicle allowance and expenses (\$13,949) and employee stock purchase plan (\$9,375).
3. Mr. Wood is also a director of the Corporation and the above table does not include amounts payable to him for his services as a director. Amounts payable to him for his services as a director are disclosed in the "Director Compensation Table" below.
  4. Mr. Uchytel was appointed President in May 2008 and his salary is prorated from that date. From January through April 2008 he held the position of Chief Operating Officer of Coil-X Drilling Systems Corporation ("**Coil-X**"), a joint-venture of which Xtreme Coil owned 51 percent. In that capacity, Mr. Uchytel earned a base salary of \$230,000 USD per annum and was granted 50,000 options which are not included in the table.
  5. All amounts for this NEO were paid in United States dollars ("**USD**") and have been translated into Canadian dollars ("**CAD**") using an average exchange rate for 2008 of \$1.00 USD = \$1.0660 CAD.

### Incentive Plan Awards

#### *Outstanding Share-Based Awards and Option-Based Awards Table – Named Executive Officers*

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Thomas D. Wood, Chief Executive Officer <sup>(2)</sup>	100,000	\$9.49	July 17, 2013	Nil	100,000	Nil
Vic Fitch, Chief Financial Officer	50,000	\$3.00	December 5, 2010	Nil	–	Nil
	30,000	\$9.49	July 17, 2013	Nil	30,000	Nil
	10,000	\$4.85	October 28, 2013	Nil	10,000	Nil
Rodney J. Uchytel, President <sup>(3)(4)</sup>	50,000	\$7.83	January 11, 2013	Nil	50,000	Nil
	100,000	\$9.49	July 17, 2013	Nil	100,000	Nil
	100,000	\$9.29	July 19, 2013	Nil	40,000	Nil
	25,000	\$6.02	October 4, 2013	Nil	25,000	Nil
Kyle W. Swingle, Chief Operating Officer <sup>(2)</sup>	50,000	\$4.85	October 28, 2013	Nil	50,000	Nil
	–	–	–	–	–	–
Richard D. Havinga, Vice President, Engineering & Design	140,000	\$3.00	July 21, 2010	Nil	–	Nil
	25,000	\$10.14	October 27, 2011	Nil	16,667	Nil
	80,000	\$9.49	July 17, 2013	Nil	80,000	Nil
	10,000	\$4.85	October 28, 2013	Nil	10,000	Nil

*Note:*

1. This amount is based on the difference between the market value of the Common Shares underlying the options at the end of the most recently completed financial year, and the exercise price of the option.
2. Mr. Wood and Mr. Swingle are also directors of the Corporation and the above table does not include options granted to them for their services as a director. Options granted to them for their services as a director are disclosed in the "Director Compensation" section below.

3. On January 11, 2008, Rodney J. Uchytel was granted 50,000 options at \$7.83 in his position as Chief Operating Officer of Coil-X. Subsequently, on May 1, 2008, Xtreme Coil purchased the partner interest in Coil-X and, on May 5, 2008, appointed Mr. Uchytel to the position of President of Xtreme Coil.
4. On July 19, 2008, Rodney J. Uchytel was granted 100,000 options at \$9.29 on successful negotiation of long-term contracts for six drilling rigs with vesting of 10,000 increments occurring on each rig's first spud date. At December 31, 2008, six rigs had spudded resulting in vesting of 60,000 options.

***Incentive Plan Awards Table – Value Vested or Earned During the Year***

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Thomas D. Wood, Chief Executive Officer <sup>(2)</sup>	Nil	n/a	n/a
Vic Fitch, Chief Financial Officer	Nil	n/a	n/a
Rodney J. Uchytel, President	Nil	n/a	n/a
Kyle W. Swingle, Chief Operating Officer <sup>(2)</sup>	Nil	n/a	n/a
Richard D. Havinga, Vice President, Engineering & Design	303,505	n/a	n/a

*Note:*

1. This value was determined by calculating the difference between the market price of the underlying Common Shares if the option would have been exercised on the vesting date and the exercise price of the option on that vesting date.
2. Mr. Wood and Mr. Swingle are also a directors of the Corporation and the above table does not include the value of options granted to them for their services as a director. The value of options granted to them for their services as a director are disclosed in the "Director Compensation" section below.

**Pension Plan Benefits**

In 2008, Xtreme Coil did not have any Defined Benefits Plans. Xtreme Coil did have a 401(k) Plan for its United States' employees. The following table indicates the contribution amounts relating to the only Named Executive Officer who participated in the 401(k).

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Non-compensatory (\$)	Accumulated value at Year End (\$)
Rodney J. Uchytel, President	Nil	7,117	16,253	23,640

The above table summarizes the CAD equivalent contributions made by Mr. Uchytel and by Xtreme Coil under the terms of the 401(k) Plan. Mr. Uchytel's voluntary participation in the 401(k) Plan is under the same terms and conditions as other Xtreme Coil employees in the United States as described under the heading "Employee Stock Purchase Plan and 401(k) Plan" above.

**Termination and Change of Control Benefits**

Xtreme Coil currently has an employment agreement in place with Rodney J. Uchytel, appointed President and Chief Executive Officer on January 12, 2009. Pursuant to the employment agreement, Mr. Uchytel will receive an annual base salary of US\$300,000. Mr. Uchytel is eligible to participate in any bonus plan which may be approved by the Board.

The Corporation may terminate the Agreement and Mr. Uchytíl's employment at any time for just cause without notice and without payment of any compensation or severance in lieu of notice. Upon termination of employment for just cause, Mr. Uchytíl shall only be entitled to any base salary due and owing up to the date of termination, all expenses properly incurred up to the date of termination in the carrying out of his duties and any accrued but unused vacation pay due and outstanding.

If Mr. Uchytíl's employment is terminated by the Corporation as a result of a constructive dismissal or for any reason other than just cause, death or disability, the Corporation will provide, less any required withholdings: a) all base salary earned, but not yet paid up to the termination date; b) all accrued but unused vacation pay; and c) a lump sum payment of 24 months base salary ("**Severance Payment**"). Additionally, all stock options that would otherwise vest within 24 months of the termination date would immediately vest. With mutual agreement of the Corporation and Mr. Uchytíl, the Severance Payment may be made as a salary continuance; provided Mr. Uchytíl: (i) provides his written resignation from all director and officer positions then held in the Corporation or its affiliates or subsidiaries, and (ii) delivers to the Corporation a duly executed full and final release in favour of the Corporation, in a form reasonably satisfactory to the Corporation. The payments are inclusive of any termination and/or severance payments that may be required under employment standards legislation and shall not be reduced by any income earned in mitigation by Mr. Uchytíl.

Mr. Uchytíl's agreement defines a change of control to mean: a) the acquisition by a person, group of persons acting jointly or in concert, or persons associated or affiliated within the meaning of the *Business Corporations Act* (Alberta) with any such person, group of persons or any of such persons acting jointly or in concert, of beneficial ownership of fifty percent (50%) or more of the Common Shares of the Corporation then outstanding; b) the sale of all or substantially all of the assets of the Corporation to any purchaser in circumstances where the purchaser intends to carry on all or part of the business carried on by the Corporation, excluding a sale to an entity in which the Corporation owns 50% or more of the common shares of such entity; c) the merger or amalgamation ("**Merger**") of the Corporation after which the shareholders of the Corporation prior to the Merger own less than 50% of the shares of the surviving entity after the Merger, or the board of directors of the Corporation prior to the Merger comprise less than 50% of the board of directors of the surviving entity after the Merger; d) the approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation. Following any event causing a change of control, Mr. Uchytíl shall have the right, for a period of six months, to elect to terminate his employment agreement and his employment with the Corporation by providing notice to the Corporation, following which notice period, the Corporation shall pay to Mr. Uchytíl a one-time payment of US\$500,000; and all other amounts accrued but not yet paid to Mr. Uchytíl. If Mr. Uchytíl elects to terminate his employment following a change of control, all unvested options shall immediately vest.

Xtreme Coil currently has an employment agreement in place with Richard Havinga, appointed Chief Operating Officer on January 12, 2009. Pursuant to the employment agreement, and effective January 12, 2009, Mr. Havinga will receive an annual base salary of US\$235,000. Mr. Havinga's agreement provides that, in the event of termination without cause or upon a change of control, Mr. Havinga will be entitled to receive employee compensation equal to nine (9) months salary and all other amounts accrued but not yet paid to Mr. Havinga. Mr. Havinga is eligible to participate in any bonus plan which may be approved by the Board.

In the event Mr. Havinga's employment is terminated for just cause, he is entitled to the fraction of base salary earned by or payable to the date of termination and any monies owing from accrued and unused vacation days and other accrued business expenses incurred during that fiscal year.

Mr. Havinga may voluntarily terminate his employment agreement at any time by thirty (30) days written notice delivered to the Corporation even if none of the prescribed terminating events have occurred, in which case, from and after the termination date, the Corporation shall have no further obligations, except for: a) a retiring allowance equivalent to nine (9) months of base salary, any monies owing from accrued and unused vacation days and any other accrued salary and business expenses incurred during that fiscal year, subject to withholdings where applicable.

Xtreme Coil currently has an employment agreement in place with Kyle Swingle who was appointed Senior Technical and Project Advisor to the Corporation on January 12, 2009 after stepping down as Chief Operating

Officer. Pursuant to the employment agreement, Mr. Swingle receives an annual base salary of US\$150,000. Mr. Swingle is eligible to participate in any bonus plan which may be approved by the Board.

In the event Mr. Swingle's employment is terminated for just cause, he is entitled to the fraction of base salary earned by or payable to the date of termination, any monies owing from accrued and unused vacation days and other accrued business expenses incurred during that fiscal year.

Mr. Swingle may voluntarily terminate his employment agreement at any time by thirty (30) days written notice delivered to the Corporation even if none of the prescribed terminating events have occurred, in which case, from and after the termination date, the Corporation shall have no further obligations, except for: a) a retiring allowance equivalent to twelve (12) months of base salary and bonus, any monies owing from accrued and unused vacation days and any other accrued salary and business expenses incurred during that fiscal year, subject to withholdings where applicable.

In the event Mr. Fitch's employment is terminated for just cause, he is entitled to the fraction of base salary earned by or payable to the date of termination, any monies owing from accrued and unused vacation days and other accrued business expenses incurred during that fiscal year.

In the event of a change of control, the Corporation shall have no further obligations to Mr. Fitch, except for a retiring allowance equivalent to twelve (12) months of base salary, any monies owing from accrued and unused vacation days and any other accrued salary and business expenses incurred during that fiscal year, subject to withholdings where applicable.

The employment agreements for Messrs. Havinga, Swingle and Fitch define change of control to mean: a) the purchase or acquisition of any Common Shares or convertible securities by a holder which results in such holder beneficially owning, or exercising control or direction over, Common Shares or convertible securities such that, assuming only the conversion of convertible securities beneficially owned or over which control or direction is exercised by such holder, the holder would beneficially own, or exercising control or direction over, Common Shares carrying the right to cast more than fifty-one percent (51%) of the votes attaching to all Common Shares; b) incumbent directors ceasing to constitute a majority of the Board; c) approval by the shareholders of the Corporation of an amalgamation arrangement, merger or other consolidation or combination of the Corporation with another entity pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor or continuing entity which would entitle them to cast more than fifty-one percent (51%) of the votes attaching to all shares in the capital of the successor or continuing entity which may be cast to elect directors of that entity or the sale, lease or other disposition of all or substantially all the assets of the Corporation.

The following table estimates the amount each Named Executive Officer would receive if he were entitled to a lump sum payment under his employment agreement on December 31, 2008:

<b>Name</b>	<b>Cash Severance Component (\$)</b>	<b>Annual Bonus Component (\$)</b>	<b>Unpaid and Accrued Amounts Component (\$)</b>	<b>Total (\$)</b>
Thomas D. Wood, Chief Executive Officer	Nil	Nil	Nil	Nil
Rodney J. Uchytel, President	US\$960,000	Nil	Nil	US\$960,000
Vic Fitch, Chief Financial Officer	\$160,000	Nil	Nil	\$160,000
Kyle Swingle, Chief Operating Officer	US\$150,000	Nil	Nil	US\$150,000

Richard D. Havinga, Vice President, Engineering and Design]	\$165,000	Nil	Nil	\$165,000
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## Director Compensation

### Director Compensation

Prior to 2008, Xtreme Coil has not paid any retainer fees to directors. However, in December, 2008, the Board approved a recommendation from the Compensation Committee to institute director compensation beginning in the period of the three months ending December 31, 2008 and forward. Directors are also compensated by the grant of options under the Stock Option Plan and participate in Xtreme Coil's group health benefit plan. The non-executive directors of the Corporation have been issued an aggregate of 20,000 options in 2008.

### Director Compensation Table

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Randolph M. Charron	13,750	–	–	–	–	–	13,750
Daniel Z. Remenda	16,875	–	–	–	–	–	16,875
Marc L. Staniloff	17,500	–	41,984	–	–	–	59,484
Kyle W. Swingle	–	–	–	–	–	–	–
David A. Tuer	15,625	–	–	–	–	–	15,625
Thomas D. Wood	8,750	–	–	–	–	–	8,750

## Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

### Outstanding Share-Based Awards and Option-Based Awards Table – Directors

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Randolph M. Charron	175,000	\$3.00	July 21, 2010	n/a	Nil	Nil
Daniel Z. Remenda	150,000	\$3.00	July 21, 2010		Nil	Nil
Peter J. Sharpe	Nil	–	n/a	n/a	Nil	n/a
Marc L. Staniloff	30,000	\$11.94	August 22, 2011	n/a	10,000	Nil
	20,000	\$4.85	October 28, 2013		20,000	Nil
Kyle W. Swingle	300,000	\$3.00	July 21, 2010	n/a	Nil	Nil
David A. Tuer	50,000	\$3.00	December 5, 2010	n/a	Nil	Nil

Thomas D. Wood <sup>(2)</sup>	275,000	\$3.00	July 21, 2010	n/a	Nil	Nil
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*Note:*

1. This amount is based on the difference between the market value of the Common Shares underlying the options at the end of the most recently completed financial year, and the exercise price of the option.
2. Mr. Wood formerly acted as the Chief Executive Officer of the Corporation and the above table does not include options granted to him for his services in that capacity. Options granted to him for his services as Chief Executive Officer are disclosed under the heading "Incentive Plan Awards – Outstanding Share-Based Awards and Options-Based Awards Table – Named Executive Officers" above.

***Incentive Plan Awards Table – Value Vested or Earned by Directors During the Year***

<u>Name</u>	<u>Option-based awards – Value vested during the year<sup>(1)</sup> (\$)</u>	<u>Share-based awards – Value vested during the year (\$)</u>	<u>Non-equity incentive plan compensation – Value earned during the year (\$)</u>
Richard R.A. Charron	582,000	–	–
Randolph M. Charron	339,504	–	–
Daniel Z. Remenda	291,000	–	–
Marc L. Staniloff	Nil	–	–
Kyle W. Swingle	582,000	–	–
David A. Tuer	Nil	–	–
Thomas D. Wood	533,502	–	–

*Note:*

1. This amount was determined by calculating the difference between the market price of the underlying Common Shares if the option would have been exercised on the vesting date and the exercise price of the option on the vesting date. With the exception of Richard R.A. Charron, no other individuals exercised vested options during 2008.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following sets forth information in respect of securities authorized for issuance under Xtreme Coil's equity compensation plans as at March 16, 2009.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options</u>	<u>Weighted average exercise price of outstanding options</u>	<u>Number of securities remaining available for future issuance under equity compensation plans</u>
Equity compensation plans approved by securityholders	2,865,000	\$5.66	976,616
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	2,865,000	\$5.66	872,616

**Penalties or Sanctions**

No proposed director or any personal holding companies of a proposed director of Xtreme Coil have been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties

or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director of Xtreme Coil.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Except as disclosed below, no person who is, or at any time during the most recently completed financial year was, a director, nominee for election as a director or executive officer of Xtreme Coil, or any associate of any such director, nominee or executive officer, is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Xtreme Coil or any of its subsidiaries.

#### Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During the Year Ended December 31, 2008 (\$)	Amount Outstanding as at March 12, 2009 (\$)	Financially Assisted Securities Purchases During the Year Ended December 31, 2008 (#)	Security for Indebtedness	Amount Forgiven During the Year Ended December 31, 2008 (\$)
Richard Havinga Vice President, Engineering and Design	Lender	308,639	Nil	Nil	n/a	Nil

In June 2005, Xtreme Coil loaned \$300,000 to Richard Havinga to acquire 200,000 Common Shares at a price of \$1.50 per Common Share, with such purchase to be funded by a loan bearing interest at prime plus 0.5 percent for a five year term. Interest was payable quarterly on the loan and the loan was secured with the Common Shares issued to Mr. Havinga. In July 2008, Mr. Havinga elected to require the Corporation to purchase 60,000 vested options to purchase Common Shares in accordance with terms of the Stock Option Plan and the Corporation agreed to acquire such options for cancellation. On the same date, Mr. Havinga used proceeds of this exercise to repay to the Corporation the outstanding shareholder loan amounting to \$308,639 including interest.

#### AGGREGATE INDEBTEDNESS

Purpose	To the Corporation or its Subsidiaries	To Another Entity
Common Share purchases	Nil	Nil
Other	Nil	Nil

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Xtreme Coil's Board has overall responsibility for the management of the business and affairs of Xtreme Coil. At scheduled meetings, the Board and the Audit, Corporate Governance and Nominating, Compensation and Health, Safety and Environment Committees (collectively, the "**Committees**") of the Board receive and discuss reports prepared by management which address strategic and operating issues, assess actual performance against planned performance, and assess the overall financial position of Xtreme Coil. The Board and the Committee meetings are convened as necessary.

National Policy 58-101 Disclosure of Corporate Governance Practices requires reporting issuers to disclose their corporate governance practices with reference to a series of guidelines for effective corporate governance (the

"Corporate Governance Guidelines") adopted by the TSX. The Corporation's alignment to the Corporate Governance Guidelines is discussed below.

### Independence of Members of Board

Xtreme Coil's Board consists of seven (7) directors, three (3) of whom are independent based upon the tests for independence set forth in National Instrument 52-110. The three independent directors are: Daniel Remenda, David Tuer and Marc Staniloff. Randolph Charron is not independent as he is an immediate family member of Richard Charron. Richard Charron was not independent as he was also the Senior Vice President, Corporate Development of Xtreme Coil until his retirement in July 2008. Kyle Swingle is not independent as he was also the Chief Operating Officer of Xtreme Coil until January 2009. Thomas Wood is not independent as he was also the Chief Executive Officer of Xtreme Coil until January 2009 when he was appointed Executive Chairman. Peter Sharpe is not considered not independent by the Board due to his role as a Vice President with Shell International Exploration and Production B.V. and this entity's indirect holdings in Xtreme Coil.

A majority of the Board is not independent. However, to facilitate the Board's exercise of independent judgement in carrying out its responsibilities, the independent directors of Xtreme Coil hold meetings comprised of just of the independent directors of the Corporation. The independent directors of the Corporation meet privately in conjunction with regularly scheduled Board meetings and from time to time as required. The total number of meetings comprised entirely of independent directors in the issuer's most recently completed financial year was seven.

The Chairman of the Board, Thomas Wood is not an independent director and his responsibilities include his appointment effective January 2009 as Executive Chairman of Xtreme Coil. To provide leadership for the independent directors, each of the mandated committees of the Board is comprised of a majority of independent directors. The independent members of the Board are encouraged to speak freely during all Board meetings and independent directors are encouraged to have meetings independent of management at their discretion and are also free to retain, at the expense of the Corporation, any advisors or consultants as they deem necessary.

### Participation of Directors in Board Meetings

The participation of the directors in board meetings is described in the following table.

For the year ended December 31, 2008, seven board meetings were held. The attendance record of each director for board and committee meetings is as follows.

Director	Board of Directors (7 meetings)	Audit Committee (4 meetings)	Compensation Committee (2 meetings)	Health, Safety & Environment Committee (1 meeting)	Corporate Governance & Nomination Committee (1 meeting)	Other Meetings (3 meetings)	Total Meetings Attended
Randolph M. Charron	7			7	7	3	12
Richard R.A. Charron <sup>(1)</sup>	3						3
Daniel Z. Remenda	7	4	2			3	16
Peter J. Sharpe <sup>(2)</sup>	4			1			5
Marc L. Staniloff	7	4	2		1	3	17
Kyle W. Swingle	7						7
David A. Tuer	7	4	2		1	3	17
Thomas D. Wood	7						7

*Notes:*

1. Mr. Richard Charron retired in July 2008.
2. Mr. Sharpe was appointed to the Board of Directors in June 2008.

**Responsibilities of the Board**

The Board has the statutory responsibility to oversee the conduct of the business of Xtreme Coil and to supervise management, which is responsible for the day-to-day conduct of the business of Xtreme Coil. The Board's fundamental objectives are to enhance and preserve long-term shareholder value and to ensure the Corporation meets its obligations on an ongoing basis. While the Board has delegated the responsibility for day-to-day management of Xtreme Coil to the Chief Executive Officer, the Board has acknowledged its responsibility for the stewardship of Xtreme Coil, including the responsibility for: (i) the appointment of the Chief Executive Officer and succession planning; (ii) in consultation with the Chief Executive Officer, the identification of the principal risks of the Corporation's business and review of management's implementation of appropriate systems to manage these risks; (iii) the approval of all financings and significant acquisitions or dispositions by the Corporation; (iv) reviewing the implementation and integrity of the Corporation's internal control and management information systems; (v) in consultation with the Chief Executive Officer, developing and monitoring the Corporation's strategic planning; and (vi) reviewing the Corporation's system for timely and accurate reporting to shareholders regarding financial and other matters in accordance with applicable law, including the approval of all of Xtreme Coil's major compliance and communication documents, including annual and quarterly reports, financial documents, press releases and other significant disclosure documents.

**Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

**Board Mandate**

The Board has adopted a Board Mandate, the text of which is attached as Schedule "C" to this Information Circular.

**Position Descriptions**

The Board has developed written descriptions for the chairman of the Board as well as for the chair of each committee of the Board. The Board and the Chief Executive Officer have developed a written position description for the Chief Executive Officer.

**Orientation and Continuing Education**

There is no specific education and orientation program for new Board members. Regular Board meetings include meetings with management, where new Board members are made familiar with Xtreme Coil's operations. All of the members of the Board have extensive experience in directorship, and in some cases, managerial levels and most in the oil and gas industry. The Board will ensure that any new directors are provided with suitable materials and training to assist in their orientation to the Corporation and to their roles within the Board.

Xtreme Coil has formed a Corporate Governance and Nomination Committee, which is comprised of a majority of independent directors, which are David Tuer, Marc Staniloff and Randolph Charron. The Corporate Governance and Nomination Committee has been appointed to, among other things, review, monitor and make recommendations regarding the orientation and ongoing development programs for directors, such programs to be designed to ensure that new directors fully understand the role of the Board and its Committees, the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that Xtreme Coil expects from its directors) and the nature and operations of Xtreme Coil's business. Continuing education opportunities focus on enhancing individual director's skills and abilities as directors and maintaining the currency of their knowledge and understanding of Xtreme Coil's business affairs.

## **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of Xtreme Coil. The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**"). A copy of the Code can be found under Xtreme Coil's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The mandate of the Corporate Governance and Nomination Committee, with respect to corporate governance, is to generally assume responsibility for developing the approach of the Corporation to matters concerning corporate governance and to review and make recommendations to the Board as to such matters. Specifically, to fulfill this responsibility, the Corporate Governance and Nomination Committee endeavours to, among other things: (i) review periodically the Corporation's approach to governance issues; (ii) review annually the mandate for the Board and the position description for the Board Chair; (iii) review annually the mandates and/or terms of reference for the duties of the Board and, where appropriate, make recommendations thereon including changes in the role, size, composition and structure of the Committees; (iv) evaluate regularly the effectiveness and contribution of the Board, the Board Chair and the Chair of each Committee and the effectiveness and contribution of individual directors, having regard for the mandate of the Board and position description, the results of surveys of the directors, attendance at Board Committee meetings, overall contribution and, in the case of individual directors, the competencies and skills the individual director is expected to bring to the Board; (v) review and approve the annual corporate governance report in the management proxy circular prepared in connection with the Corporation's annual meeting describing the governance practices of the Corporation with reference to the reporting requirements of applicable securities laws and, as applicable, any stock exchange requirements; (vi) review periodically the Corporation's disclosure guidelines; (vii) review annually, for Board approval, any update to the Board Manual outlining the policies and procedures by which the Board will operate and the mandates and/or terms of reference for the Board, the Board Chair, the Chief Executive Officer, individual directors, Committees and Committee Chairs; (viii) assess the needs of the Board in terms of the frequency and location of Board and Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required; (ix) to review the Corporate Governance and Nomination Committee's terms of reference; (x) review and consider the engagement of professionals and other advisors; (xi) as required, to establish and update the Code; and (xii) review management's monitoring of the Corporation's compliance with the Code. A copy of the Code is provided to, and reviewed by, each director and each such person is required to acknowledge annually that he or she has read the Code and has provided necessary disclosure on transactions or matters of potential conflict.

There have been no material change reports filed pertaining to any departures from the Code.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or an agreement with Xtreme Coil, promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the director's interest is material. The Code imposes a similar disclosure requirement on all non-director representatives of the Corporation and requires such persons to report such conflicts to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Corporate Governance and Nomination Committee and fully inform such person or the committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until authorized to do so by the reporting officer, or the Corporate Governance and Nomination Committee. The Board encourages and promotes a culture of ethical business conduct through the guidance it provides to officers and management. The Corporation has in place a Whistle Blower Policy to which all directors, officers and employees must adhere. The Whistle Blower Policy is filed on [www.sedar.com](http://www.sedar.com).

## **Nomination of Directors**

The mandate of the Corporate Governance and Nomination Committee, with respect to nomination functions, is to evaluate the Board and to nominate the appropriate candidates to serve the Board as directors, chairpersons, committee members and chairpersons for committees. Specifically to fulfill this responsibility, the Corporate Governance and Nomination Committee endeavours to, among other things: (i) develop, and annually update, a

long-term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of the Corporation; (ii) develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board's short-term needs and long-term succession plans including considering the competencies and skills the Board, as a whole, should possess and the competencies and skills each existing director possesses (iii) recommend to the Board nominees for election as members of the Board taking into consideration such matters as is relevant including the matters referred to above, and the competencies and skills each new nominee will bring to the Board and the ability of any such new nominee to devote sufficient time and resources to his or her duties as a member of the Board; and (iv) review, monitor and make recommendations regarding the orientation and ongoing education and development programs for directors. The Corporate Governance and Nomination Committee is comprised of a majority of independent directors. The Committee conducts its business on the basis of majority approval which encourages an objective nomination process. Should a conflict be identified, the non-independent member would excuse himself from the meeting and abstain from voting.

### **Compensation of Directors and the Chief Executive Officer**

Compensation levels are reviewed annually by the Board and the Compensation Committee, which committee makes recommendations to the Board based on performance and industry conditions. The Compensation Committee is composed of Daniel Remenda, David Tuer and Marc Staniloff all of which are independent directors.

The mandate of the Compensation Committee is to, among other things: (i) recommend a performance evaluation process for the Chief Executive Officer including reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation and, when approved, ensure the process is implemented, including the evaluation of the Chief Executive Officer's performance in light of those goals and objectives; (ii) review and approve the Chief Executive Officer's compensation based on the evaluation of the Chief Executive Officer including share award and share option plans, if any, incentives and bonuses and benefit plans; (iii) review and recommend the compensation philosophy, guidelines and plans for Xtreme Coil's employees and executives; (iv) in consultation with the Chief Executive Officer, review the appointment and approve the compensation, including share award and share option plans, if any, incentives and bonuses and benefit plans for the executive team other than the Chief Executive Officer; (v) review the share award, share option or similar plans, if any, with the Chief Executive Officer including: (a) designation of the employees who will participate; (b) share, share award and share option availability; and (c) administration of share purchases for distribution; (d) review with the Chief Executive Officer existing management resources and plans, including recruitment and training programs, to ensure that qualified personnel will be available for succession to executive positions of the Corporation and key officer positions in its major subsidiaries, and report on this matter to the Board at least once each year; (vii) review and endorse major changes in the organizational structure of management as proposed by the Chief Executive Officer; (viii) review and recommend for approval the executive compensation disclosure; (x) review annually director compensation and recommend compensation terms that adequately reflect the responsibilities being assumed by directors, the Board Chair and Committee Chairs and members; and (xi) annually review and recommend changes to the Compensation Committee's mandate. Directors and management engaged and met with a Mercer Human Resources compensation consultant in 2007 who provided advice on competitive market conditions as well as advice on developing appropriate compensation programs for the Corporation in its first fully operational year and going forward.

In December 2008, the Board approved a recommendation from the Compensation Committee to institute director compensation beginning in the period of the three months ending December 31, 2008 and forward. Directors are also compensated by the grant of options under the Stock Option Plan and participate in Xtreme Coil's group health benefit plan. Directors' liability insurance is provided.

The following table provides information pursuant to the Director compensation plan instituted in the fourth quarter of 2008.

**Directors Fees and Retainers (CAD)**

Annual retainer	\$25,000 (\$6,250 per quarter)
Annual fee payable to Audit Committee Chair	\$10,000 (\$2,500 per quarter)
Annual fee payable to Chair of other Committees	\$2,500 (\$625 per quarter)
Fee for attendance at each Board meeting, Committee meeting and conference call	\$1,250

**Eligibility**

All directors of the Corporation who do not receive compensation for services as officers or employees of the Corporation or who have not otherwise informed the Board that they are ineligible to receive compensation hereunder, are eligible to receive compensation pursuant to this Compensation Plan.

**Payment**

The Corporation shall pay eligible directors all amounts owing hereunder on a quarterly basis and within 10 days of the end of each fiscal quarter of the Corporation. In the event a director ceases to be an eligible director, such director shall be entitled to a pro rata share of the annual fees and retainers described above plus the applicable attendance fees.

**Other Committees of the Board**

The Board presently has four committees. In addition to the Corporate Governance and Nomination Committee and Compensation Committee, the Board has a Health, Safety and Environment Committee and an Audit Committee.

***Health, Safety and Environment Committee***

Xtreme Coil has formed a Health, Safety and Environment Committee, which is comprised of Peter Sharpe, Daniel Remenda, and Randolph Charron, one independent and two non-independent directors.

The mandate of the Health, Safety and Environment Committee is to, among other thing: (i) to review and monitor the environmental policies and activities of Xtreme Coil on behalf of the Board to ensure that the Corporation is in compliance with environmental laws and legislation; (ii) to recommend actions for developing policies, programs and procedures to ensure that the Corporation environmental policies and procedures are being adhered to and achieved; (iii) to review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended; and (iv) to recommend actions for developing policies, programs and procedures to ensure that the principles set out in the Corporation's policies related to the health and safety of its employees in the workplace are being adhered to and achieved.

The Health, Safety and Environment Committee conducts an annual review and assessment of its performance and its mandate, including compliance with its mandate, and its role, duties and responsibilities, and submit such report, including recommending changes to the such mandate, to the Board.

***Audit Committee***

Disclosure with respect to the composition of Xtreme Coil's Audit Committee, the Corporation's Audit Committee Charter and other disclosure required by NI 52-110 is contained in Schedule "C", of Xtreme Coil's Annual Information Form a copy of which can be found under Xtreme Coil's profile at [www.sedar.com](http://www.sedar.com) or, upon request, a copy will be provided by Xtreme Coil free of charge to any of its securityholders.

The Audit Committee has developed a policy and procedures for: (i) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters. A copy of this policy is filed under Xtreme Coil's corporate profile at [www.sedar.com](http://www.sedar.com). The independent directors who comprise the Audit Committee hold quarterly in-camera meetings with the auditor.

### **Assessments**

As part of its mandate, the Board is responsible for reviewing annually the composition of the Board and its committees and assessing the performance of the directors on an ongoing basis.

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

There were no material interests, direct or indirect, of any informed person of the Corporation, any proposed director or any other Informed Person (as defined in National Instrument 51-102) or any associate or affiliate of such persons, in any transaction since the commencement of Xtreme Coil's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

Management of Xtreme Coil is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, senior officer, or anyone who has held office as such since January 1, 2008, or of any associate or affiliate of any of the foregoing individuals, in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors, except for as set forth in this Information Circular.

### **MANAGEMENT CONTRACTS**

Management functions of Xtreme Coil and its subsidiaries are not, to any substantial degree, performed by a person or company other than the directors or executive officers of Xtreme Coil and its subsidiaries.

### **OTHER MATTERS**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

### **ADDITIONAL INFORMATION**

Additional information relating to Xtreme Coil is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information in respect of Xtreme Coil and its affairs is provided in Xtreme Coil's annual audited consolidated financial statements for the year ended December 31, 2008 and the related management's discussion and analysis. Copies of Xtreme Coil's financial statements and related management discussion and analysis are available upon request by contacting Xtreme Coil Drilling Corp. at 1402, 500 Fourth-Avenue S.W., Calgary, Alberta T2P 2V6, by telephone at (403) 262-9500 or by e-mail request to [ir@xtremecoil.com](mailto:ir@xtremecoil.com).

## SCHEDULE "A"

### GENERAL BY-LAW

#### BY-LAW NO. 1

A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF

#### XTREME COIL DRILLING CORP.

(hereinafter called the "Corporation")

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

#### DIVISION ONE INTERPRETATION

- 1.01 In the by-laws of the Corporation, unless the context otherwise specifies or requires:
- a. "Act" means the Business Corporations Act of Alberta, as from time to time amended and every statute that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;
  - b. "appoint" includes "elect" and vice versa;
  - c. "articles" means the articles of incorporation ~~or~~, continuance or amalgamation of the Corporation, as from time to time amended or restated;
  - d. "board" means the board of directors of the Corporation;
  - e. "business day" means a day which is not a non-business day;
  - f. "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
  - g. "meeting of shareholders" includes an annual and a special meeting of shareholders;
  - h. "non-business day" means Saturday, Sunday and any other day that is a holiday as from time to time defined in The Interpretation Act of Alberta;
  - i. "Regulations" means the regulations under the Act as published or from time to time amended and every regulation that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefore in the new regulations;
  - j. "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by virtue of section 3.01 of this by-law or by a resolution passed pursuant thereto; and
  - k. "special meeting of shareholders" means a meeting of ~~any particular class~~ one or more classes or series of shareholders and a meeting of all shareholders entitled to vote at any annual meeting of shareholders at which special business is to be transacted.

Save as aforesaid, all terms which are contained in the by-laws of the Corporation and which are defined in the Act or the Regulations shall, unless the context otherwise specifies or requires, have the meanings given to such terms in the Act or the Regulations. Words importing the singular number include the plural and vice versa; the masculine shall include the feminine; and the word "person" shall include an individual, partnership, association, body corporate, body politic, trustee, executor, administrator and legal representative.

Headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

## DIVISION TWO BANKING AND SECURITIES

### 2.01 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations or any other persons as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of power as the board may from time to time prescribe or authorize.

### 2.02 Voting Rights in Other Bodies Corporate

The signing officers of the Corporation may execute and deliver instruments of proxy and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of such voting certificates or evidence of the right to exercise such voting rights. In addition, the board, or failing the board, the signing officers of the Corporation, may direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

## DIVISION THREE EXECUTION OF INSTRUMENTS

### 3.01 Authorized Signing Officers

Unless otherwise authorized by the board, deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any ~~two~~one of the president, chairman of the board, managing director, any vice-president, any director, secretary, treasurer, any assistant secretary or any assistant treasurer or any other officer created by by-law or by the board. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same, but no instrument is invalid merely because the corporate seal is not affixed thereto.

### 3.02 Cheques, Drafts and Notes

All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or person or persons, whether or not officers of the Corporation, and in such manner as the board may from time to time designate by resolution.

## DIVISION FOUR DIRECTORS

### 4.01 Number

The board shall consist of such number of directors as is fixed by the articles, or where the articles specify a variable number, shall consist of such number of directors as is not less than the minimum nor more than the maximum number of directors provided in the articles and as shall be fixed from time to time by ordinary resolution of the shareholders or, in the absence of such resolution, by resolution of the board.

### 4.02 Election and Term

Subject to the articles or a unanimous shareholder agreement, the election of directors shall take place at each annual meeting of shareholders and all of the directors then in office, unless elected for a longer period of time (not to exceed the close of the third (3rd) annual meeting of shareholders following election), shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, subject to the articles or a unanimous shareholder agreement, be the number of directors then in office, or the number of directors whose terms of office expire at the meeting, as the case may be, except that, if cumulative voting is not required by the articles and the articles otherwise permit, the shareholders may resolve to elect some other number of directors. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. If the articles provide for cumulative voting, each director elected by shareholders (but not directors elected or appointed by creditors or employees) ceases to hold office at the annual meeting and each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him multiplied by the number of directors he is entitled to vote for, and he may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. If he has voted for more than one candidate without specifying the distribution among such candidate, he shall be deemed to have divided his votes equally among the candidates for whom he voted.

### 4.03 Removal of Directors

Subject to the Act and the articles, the shareholders may by ordinary resolution passed at a special meeting remove any director from office, except a director elected by employees or creditors pursuant to the articles or a unanimous shareholder agreement, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board. However, if the articles provide for cumulative voting, no director shall be removed pursuant to this section where the votes cast against the resolution for his removal would, if cumulatively voted at an election of the full board, be sufficient to elect one or more directors.

### 4.04 Consent

A person who is elected or appointed a director is not a director unless:

- a. he was present at the meeting when he was elected or appointed and did not refuse to act as a director, or
- b. if he was not present at the meeting when he was elected or appointed:
  - i. he consented in writing to act as a director before his election or appointment or within ten (10) days after it, or
  - ii. he has acted as a director pursuant to the election or appointment.

4.05 Vacation of Office

A director of the Corporation ceases to hold office when:

- a. he dies or resigns;
- b. he is removed in accordance with section 109 of the Act; or
- c. he becomes disqualified under subsection 105(1) of the Act.

4.06 Committee of Directors

The directors may appoint from among their number a managing director, who must be a resident Canadian, or a committee of directors, however designated, of which at least ~~half~~one-quarter of the members must be resident Canadians, and subject to section 115 of the Act may delegate to the managing director or such committee any of the powers of the directors. A committee may be comprised of one director.

4.07 Transaction of Business of Committee

Subject to the provisions of this by-law with respect to participation in a meeting by telephone, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Alberta and may be called by any one member of the committee giving notice in accordance with the by-laws governing the calling of meetings of the board.

4.08 Procedure

Unless otherwise determined herein or by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

4.09 Remuneration and Expenses

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.10 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

4.11 Action by the Board

Subject to any unanimous shareholder agreement, the board shall manage the business and affairs of the Corporation. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the directors. If the Corporation has only one director, that director may constitute a meeting.

DIVISION FIVE  
MEETING OF DIRECTORS

5.01 Place of Meeting

Meetings of the board may be held at any place within or outside Alberta.

5.02 Notice of Meeting

Unless the board has made regulations otherwise, meetings of the board may be summoned on twenty-four (24) hours' notice, given verbally or in writing, and whether by means of telephone or telegraph, or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- a. submit to the shareholders any question or matter requiring approval of the shareholders;
- b. fill a vacancy among the directors or in the office of auditor;
- c. issue securities, except in the manner and on the terms authorized by the board;
- d. declare dividends;
- e. purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the board;
- f. pay a commission for the sale of shares;
- g. approve a management proxy circular;
- h. approve any financial statements to be placed before the shareholders at an annual meeting; or
- i. adopt, amend or repeal by-laws.

Provided, however, that a director may in any manner, and either before or after the meeting, waive notice of a meeting and attendance of a director at a meeting of the board shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

For the first meeting of the board to be held immediately following an election of directors no notice of such meeting shall be necessary, and for a meeting of the board at which a director is to be appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order to legally constitute the meeting, provided, in each case, that a quorum of the directors is present.

5.03 Adjourned Meeting

~~Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at~~  
Any meeting of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

5.04 Calling of the Meetings

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the managing director, the president or any two directors may determine. Should more than one of the above-named call a meeting at or for substantially the same time, there shall be only one meeting held and such meeting shall occur at the time and place determined by, in order of priority, the board, any two directors, the chairman, or the president.

5.05 Regular Meetings

The board may, from time to time, appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, and forthwith to each director subsequently elected or appointed, but no other notice shall be required for any such regular meeting except where the Act or this by-law requires the purpose thereof or the business to be transacted thereat to be specified.

5.06 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

5.07 Quorum

Subject to the following section 5.08, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater number of directors as the board may from time to time determine.

5.08 Half-Canadian Representation at Meetings

Directors shall not transact business at a meeting of directors unless at least halfone-quarter of the directors present are resident Canadians. Notwithstanding the foregoing, directors may transact business at a meeting of directors when less than halfone-quarter of the directors present are resident Canadians if:

- a. a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
- b. the number of resident Canadian directors present at the meeting, together with any resident Canadian director who gives his approval under clause (a), totals at least halfone-quarter of the directors present at the meeting.

5.09 Voting

Questions arising at any meeting of the board shall be decided by a majority of votes, and in the event of any equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

5.10 Meeting by Telephone

A director may participate in a meeting of the board or a committee of the board by means of such telephone or other communication facilities as permit all persons participating in the meeting to hear each other, and a director participating in such meeting by such means is deemed to be present at the meeting.

5.11 Resolution in Lieu of Meeting

Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of directors is as valid as if it had been passed at a meeting of the board or committee of directors, as the case may be. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

5.12 Amendments to the Act

It is hereby affirmed that the intention of sections 4.06, 5.08 and 7.03, as they relate to Canadian representation, is to comply with the minimum requirements of the Act and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

DIVISION SIX  
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.01 Conflict of Interest

A director or officer shall not be disqualified from his office, or be required to vacate his office, by reason only that he is a party to, or is a director or officer or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation or a subsidiary thereof. Such a director or officer shall, however, disclose the nature and extent of his interest in the contract at the time and in the manner provided by the Act. Subject to the provisions of the Act, a director shall not by reason only of his office be accountable to the Corporation or to its shareholders for any profit or gain realized from such a contract or transaction, and such contract or transaction shall not be void or voidable by reason only of the director's interest therein, provided that the required declaration and disclosure of interest is properly made, the contract or transaction is approved by the directors or shareholders, if necessary, and it was fair and reasonable to the Corporation at the time it was approved and, if required by the Act, the director refrains from voting as a director on the contract or transaction.

6.02 Limitation of Liability

Every director and officer of the Corporation, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer, for the time being of the Corporation, shall be liable for the acts, neglects or defaults of any other director or officer or employee or for joining in any act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the Regulations thereunder or from liability for any breach thereof. The directors, for the time being of the Corporation, shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board.

No act or proceeding of any director or officer or the board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the election, appointment or qualification of such director or officer or board.

6.03 Indemnity

Subject to section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if:

- a. he acted honestly and in good faith with a view to the best interests of the Corporation; and
- b. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this section 6.03.

6.04 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in section 6.03 against any liability incurred by him:

- a. in his capacity as a director or officer of the Corporation, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation; or
- b. in his capacity as a director or officer of the another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

DIVISION SEVEN  
OFFICERS

7.01 Election or Appointment

Subject to any unanimous shareholder agreement, the board may, from time to time, appoint a chairman of the board, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for a managing director and a chairman of the board who must be directors, an officer may, but need not be, a director and one person may hold more than one office.

7.02 Chairman of the Board

The chairman of the board shall, when present, preside at all meetings of the board, committees of directors and at all meetings of shareholders.

If no managing director is appointed, the board may assign to the chairman of the board any of the powers and duties that, by any provision of this by-law, are assigned to the managing director; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

7.03 Managing Director

The managing director, if any, shall be a resident Canadian and shall have, subject to the authority of the board, general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify.

7.04 President

The president shall, subject to the authority of the board and the managing director, if any, have such powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office; provided, however, that unless he is a director he shall not preside as chairman at any meeting of the board or of a committee of directors.

7.05 Vice-President

During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there is more than one, by the vice-president designated from time to time by the board or the president; provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of the board or of a committee of directors. A vice-president shall have such other powers and duties as the board or the president may prescribe.

7.06 Secretary

The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of directors and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer, if any, may specify.

7.07 Treasurer

The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions and he shall have such other powers and duties as the board or chief executive officer, if any, or the president may specify.

7.08 General Manager or Manager

If elected or appointed, the general manager shall have, subject to the authority of the board, the managing director, if any, the chief executive officer, if any, and the president, full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board and/or by the shareholders) and to employ and discharge agents and employees of the Corporation and may delegate to him or them any lesser authority. A general manager or manager shall conform to all lawful orders given to him by the board and shall at all reasonable times give to the directors or any of them all information they may

require regarding the affairs of the Corporation. Any agent or employee appointed by a general manager or manager shall be subject to discharge by the board.

7.09 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board, the managing director, if any, or the chief executive officer, if any, or the president may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer, if any, or the president otherwise directs.

7.10 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

7.11 Vacancies

If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board, by resolution, may appoint a person to fill such vacancy.

7.12 Remuneration and Removal

The remuneration of all officers appointed by the board shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be determined. All officers shall be subject to removal by resolution of the board at any time, with or without cause, notwithstanding any agreement to the contrary, provided however that this right of removal shall not limit in any way such officer's right to damages by virtue of such agreement or any other rights resulting from such removal in law or equity.

7.13 Agents and Attorneys

The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

7.14 Conflict of Interest

An officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with section 6.01.

7.15 Fidelity Bonds

The board may require such officers, employees and agent of the Corporation, as the board deems advisable, to furnish bonds for the faithful discharge of their powers and duties, in such forms and with such surety as the board may from time to time determine.

DIVISION EIGHT  
SHAREHOLDERS' MEETINGS

8.01 Annual Meetings

Subject to the Act, the annual meeting of shareholders shall be held at such time and on such day in each year and at such place or places as the board, the chairman of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act

to be placed before the annual meeting, electing directors, appointing auditors if required by the Act or the articles, and for the transaction of such other business as may properly be brought before the meeting.

8.02 Special Meetings

The board shall have the power to call a special meeting of shareholders at any time.

8.03 Place of Meetings

Meetings of shareholders shall be held as provided for in the articles, or failing any reference in the articles, at such place in Alberta as the board may determine.

8.04 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21) days, as a record date for the determination of shareholders entitled to notice of the meeting. If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be the close of business on the date immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

8.05 Notice of Meeting

Notice of the time and place of each meeting of shareholders shall be sent not less than twenty-one (21) days and not more than fifty (50) days before the meeting to each shareholder entitled to vote at the meeting, each director and the auditor of the Corporation. Such notice may be sent by mail addressed to, or may be delivered personally to, the shareholder, at his latest address as shown in the records of the Corporation or its transfer agent, to the director, at his latest address as shown in the records of the Corporation or in the last notice filed pursuant to section 106 or 113 of the Act, or to the auditor, at his most recent address as shown in the records of the Corporation. A notice of meeting of shareholders sent by mail to a shareholder, director or auditor in accordance with the above is deemed to be served on the day on which it was deposited in the mail. A notice of a meeting is not required to be sent to shareholders who are not registered on the records of the Corporation or its transfer agent on the record date as determined according to section 8.04 hereof. Notice of a meeting of shareholders at which special business is to be transacted shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A special meeting and an annual meeting may be convened by one and the same notice and it shall not be an objection to the notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

8.06 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.07 hereof, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except to the extent that such person has transferred any of his shares after the record date set pursuant to section 8.04 hereof, or, if no record date is fixed, after the date on which the list referred to in section 8.07 is prepared, and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than ten (10) days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the close of business on the record date, or if no record date is set, at the close of business on the date preceding the date notice is sent, is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

8.07 List of Shareholders Entitled to Notice

In the event the Corporation has greater than fifteen (15) shareholders entitled to vote at a meeting, for every meeting of shareholders the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order, and showing the number of shares held by each shareholder. If a record date for the meeting is fixed pursuant to section 8.04 hereof by the board, the shareholders listed shall be those registered at the close of business on the record date. If no record date is fixed by the board, the shareholders listed shall be those listed at the close of business on the last business day immediately preceding the day on which notice of a meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained and at the place where the meeting is held.

8.08 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- a. if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- b. if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meetings any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to a meeting being held at such place.

8.09 Waiver of Notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.10 Chairman, Secretary and Scrutineers

The chairman of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, or otherwise a vice-president who is a shareholder of the Corporation, shall be chairman of any meeting of shareholders. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, or declines to be chairman of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

8.11 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

8.12 Quorum

A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or by any other by-law) shall be persons present not being less than two (2) in number and holding or representing not less than five (5%) per cent of the shares entitled to be voted at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of the meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

8.13 Participation in Meeting by Telephone

A shareholder or any other person entitled to attend a meeting may participate in a meeting of shareholders by means of telephone or other communication facilities as permit all persons participating in the meeting to hear each other, and a person participating in such a meeting by such means is deemed to be present at the meeting.

8.14 Proxyholders and Representatives

Votes at meetings of the shareholders may be given either personally or by proxy; or, in the case of a shareholder, who is a body corporate or association, by an individual authorized by a resolution of the board or governing body of the body corporate or association to represent it at a meeting of shareholders of the Corporation, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chairman.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A person appointed by proxy need not be a shareholder.

8.15 Time for Deposit of Proxies

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of Saturdays and holidays, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

8.16 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholder may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

8.17 Votes to Govern

Except as otherwise required by the Act, all questions proposed for the consideration of shareholders at a meeting of shareholders shall be determined by a majority of the votes cast and in the event of an equality of votes at any meeting of shareholders, either upon a show of hands or upon a ballot, the chairman shall not have a second or casting vote.

8.18 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.

8.19 Ballots

On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chairman may require that a ballot be taken either before or upon the declaration of the result of any vote by show of hands. If a ballot is demanded on the election of a chairman or on the question of an adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such manner as the chairman shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence of such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question. The demand or requirement for a ballot shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the ballot has been demanded or required.

8.20 Adjournment

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of the adjournment. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as notice for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety (90) day, subsection 149(1) of the Act does not apply.

8.21 Resolution in Lieu of a Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and a resolution in writing dealing with all matters required to be dealt with at a meeting of shareholders and signed by all the shareholders entitled to vote at such meeting, satisfies all the requirements of the Act relating to meetings of shareholders. A copy of every such resolution in writing shall be kept with minutes of the meetings of shareholders. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

8.22 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

## DIVISION NINE SHARES

### 9.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

### 9.02 Certificates

The shareholder is entitled at his option to a share certificate that complies with the Act or a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation in respect of the securities of the Corporation held by him. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as described by the Act and as the board shall from time to time approve. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent or branch transfer agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on the share certificate may be printed or otherwise mechanically reproduced on it.

### 9.03 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issuance of a new share certificate or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

### 9.04 Joint Holders

The Corporation is not required to issue more than one share certificate in respect of a share held jointly by several persons, and delivery of a certificate to one of several joint holders is sufficient delivery to all. Any one of such holders may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such certificate.

## DIVISION TEN TRANSFER OF SECURITIES

### 10.01 Registration of Transfer

If a share in registered form is presented for registration of transfer, the Corporation shall register the transfer if:

- a. the share certificate is endorsed by an appropriate person, ~~as defined in section 64 of~~ in compliance with the Act;
- b. reasonable assurance is given that the endorsement is genuine and effective;
- c. the Corporation has no duty to enquire into adverse claims or has discharged any such duty;
- d. any applicable law relating to the collection of taxes has been complied with;

- e. the transfer is rightful or is to a bona fide purchaser; and
- f. the transfer fee, if any, has been paid.

10.02 Transfer Agents and Registrar

The board may from time to time by resolution appoint or remove one or more trust companies registered under the Trust Companies Act as its agent or agents to maintain a central securities register or registers, and an agent or agents to maintain a branch securities register or registers. Agents so appointed may be designated as transfer agent or registrar according to their functions, and a person may be appointed and designated with functions as both registrar and transfer or branch transfer agent. Registration of the issuance or transfer of a security in the central securities register or in a branch securities register is complete and valid registration for all purposes.

10.03 Securities Registers

A central securities register of the Corporation shall be kept at its registered office or at any other place in Alberta designated by the board to record the shares and other securities issued by the Corporation in registered form, showing with respect to each class or series of shares and other securities:

- a. the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- b. the number of shares or other securities held by each holder; and
- c. the date and particulars of the issuance and transfer of each share or other security.

A branch securities register or registers may be kept either in or outside Alberta at such place or places as the board may determine. A branch securities register shall only contain particulars of securities issued or transferred at that branch. Particulars of each issue or transfer of a security registered in a branch securities register shall also be kept in the corresponding central securities register.

10.04 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

DIVISION ELEVEN  
DIVIDENDS AND RIGHTS

11.01 Dividends

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully-paid shares of the Corporation.

11.02 Dividend Cheques

A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and shall be mailed by prepaid ordinary mail to such registered holder at his address recorded in the Corporation's securities register or registers or such address as such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of

such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

11.03 Non-Receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

11.04 Unclaimed Dividends

No dividend shall bear interest against the Corporation. Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

11.05 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend, as a record date for the determination of the persons entitled to receive payment of such dividend, provided that, unless waived as provided for in the Act, notice of any such record date is given, not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange in Canada, if any, on which the Corporation's shares are listed for trading. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the board.

DIVISION TWELVE  
INFORMATION AVAILABLE TO SHAREHOLDERS

12.01 Confidential Information

Except as provided by the Act, no shareholders shall be entitled to obtain information respecting any details or conduct of the Corporation's business which, in the opinion of the directors, it would be inexpedient in the interests of the Corporation to communicate to the public.

12.02 Conditions of Access to Information

The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholders shall have any right to inspect any document or book or register or account record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders.

12.03 Registered Office and Separate Records Office

The registered office of the Corporation shall be at a place within Alberta and at such location therein as the board may from time to time determine. The records office will be at the registered office or at such location, if any, within Alberta, as the board may from time to time determine.

## DIVISION THIRTEEN NOTICES

### 13.01 Method of Giving Notices

A notice or document required by the Act, the Regulations, the articles or the by-laws to be sent to a ~~shareholders~~shareholder or director of the Corporation may be sent by prepaid mail addressed to, or may be delivered personally to:

- a. the shareholder at his latest address as shown in the records of the Corporation or its transfer agent; and
- b. the director at his latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113.

A notice or document sent by mail in accordance with the foregoing to a ~~shareholders~~shareholder or director of the Corporation is deemed to be received by him at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the ~~shareholders~~shareholder or director did not receive the notice or document at the time or at all.

### 13.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

### 13.03 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholders from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

### 13.04 Non-Receipt of Notices

If a notice or document is sent to a shareholder in accordance with section 13.01 and the notice or document is returned on three (3) consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notice or documents to the shareholder until the shareholder informs the Corporation in writing of his new address; provided always, that in the event of the return of a notice of a shareholders meeting mailed to a shareholder in accordance with section 13.01 the notice shall be deemed to be received by the shareholder on the date deposited in the mail notwithstanding its return.

### 13.05 Omissions and Errors

Subject to the Act, the accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

13.06 Signature on Notices

Unless otherwise specifically provided, the signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

13.07 Waiver of Notice

If a notice or document is required by the Act or the Regulations, the articles, the by-laws or otherwise to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to receive it.

DIVISION FOURTEEN  
MISCELLANEOUS

14.01 Directors to Require Surrender of Share Certificates

The directors in office when a Certificate of Continuance is issued under the Act are hereby authorized to require the shareholders of the Corporation to surrender their share certificate(s), or such of their share certificates as the directors may determine, for the purpose of cancelling the share certificates and replacing them with new share certificates that comply with section 48 of the Act, in particular, replacing existing share certificate with share certificates that are not negotiable securities under the Act. The directors in office shall act by resolution under this section 14.01 and shall in their discretion decide the manner in which they shall require the surrender of existing share certificates and the time within which the shareholders must comply with the requirement and the form or forms of the share certificates to be issued in place of the existing share certificates. The directors may take such proceedings as they deem necessary to compel any shareholder to comply with a requirement to surrender his share certificate or certificates pursuant to this section. Notwithstanding any other provision of this by-law, but subject to the Act, the director may refuse to register the transfer of shares represented by a share certificate that has not been surrendered pursuant to a requirement under this section.

14.02 Financial Assistance to Shareholders, Employees and Others

The Corporation may give financial assistance by means of a loan, guarantee or otherwise to any person for any purpose in accordance with the provisions of the Act and the Regulations including, without limitation, the disclosure requirements specified therein.

14.03 Severability

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

14.04            Repeal

All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under any such by-law prior to its repeal.

MADE by the Board the ~~24~~12<sup>th</sup> day of ~~May~~March, A.D. ~~2005~~2009.

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Chief Executive Officer

CONFIRMED by the Shareholders in accordance with the *Business Corporations Act* (Alberta), the ~~24th~~22<sup>nd</sup> day of ~~May~~April, A.D. ~~2005~~2009.

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Chief Executive Officer

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## SCHEDULE "B"

### XTREME COIL DRILLING CORP. STOCK OPTION PLAN

#### 1. Purpose of the Plan

The purpose of the Plan is to provide certain directors, officers and key employees and consultants of the Corporation or a Subsidiary with an opportunity to purchase Common Shares and to benefit from the appreciation thereof. This will provide an increased incentive for these directors, officers, key employees and consultants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

#### 2. Defined Terms

Where used herein, the following terms shall have the following meanings, respectively:

2.1 "Board" means the board of directors of the Corporation;

2.2 "Common Shares" means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 6 hereof, such other Common Shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;

2.3 "Corporation" means Xtreme Coil Drilling Corp., and includes any successor corporation thereof;

2.4 "Exchange" means the ~~TSX Venture~~ Toronto Stock Exchange, ~~Ine.~~ or, if the Common Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;

2.5 "Insider" means an insider as defined in subsection 1(aa) of the *Securities Act* (Alberta) and includes an associate, as defined in subsection 1(c) of the *Securities Act* (Alberta), as such provisions are from time to time amended, varied or re-enacted, of any insider;

2.6 "Market Price" per Common Share at any date shall mean the ~~volume weighted average~~ higher of: (i) the closing trading price of the per Common Shares ~~Share on the Toronto Stock Exchange calculated by dividing the total value of the Common Shares by the total volume of the Common Shares traded in the 10 trading days immediately preceding the date of grant of the Option~~ Exchange on the last trading day preceding such date, and (ii) the closing trading price per Common Share on the Exchange on the trading day following such date (or, if the Common Shares are not then listed and posted for trading on the ~~Toronto Stock~~ Exchange, such price as required by such stock exchange in Canada on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada, the Market Price shall be determined by the Board in its sole discretion, acting reasonably;

2.7 "Option" means an option to purchase Common Shares granted by the Board to certain directors, officers, key employees or consultants of the Corporation or a Subsidiary, subject to the provisions contained herein;

2.8 "Option Price" means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted in accordance with Articles 4 and 6 hereof;

2.9 "Participants" means certain directors, officers, key employees or consultants of the Corporation or a Subsidiary to whom Options are granted and which Options or a portion thereof remain unexercised;

2.10 "Plan" means the stock option plan of the Corporation, as the same may be amended or varied from time to time; and

2.11 "Subsidiary" means a person or company considered to be a subsidiary entity of another person or company as ~~described~~defined in ~~clause 1.2(3) of Ontario Securities Commission's Rule 45-501,~~subsection 2(4) of the Business Corporations Act (Alberta), as such provision is from time to time amended, varied or re-enacted.

### 3. Administration of the Plan

3.1 The Plan shall be administered by the Board. The Corporation shall effect the grant of Options under the Plan, in accordance with determinations made by the Board pursuant to the provisions of the Plan as to:

- (a) the directors, officers, key employees and consultants of the Corporation and, if applicable, any Subsidiaries to whom Options will be granted; and
- (b) the number of Common Shares which shall be the subject of each Option;

by the execution and delivery of instruments in writing in form approved by the Board.

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board.

### 4. Granting of Option

4.1 The Board from time to time shall grant Options to certain directors, officers, key employees and consultants of the Corporation or a Subsidiary. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of the Plan.

4.2 The aggregate number of Common Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other share compensation arrangements of the Corporation is 10% of the Common Shares issued and outstanding from time to time, subject to the following limitations:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one person under the Plan, together with all other share compensation arrangements of the Corporation, must not exceed 5% of the ~~then~~issued and outstanding Common Shares (on a non-diluted basis);
- (b) the aggregate number of Common Shares reserved for issuance ~~to Insiders~~pursuant to Options granted to Insiders under the Plan, together with all other share based compensation arrangements of the Corporation, must not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis); and
- (c) the aggregate number of Common Shares issuable ~~to Insiders~~pursuant to Options granted to Insiders under the Plan, together with all other share based compensation arrangements of the Corporation, within a one-year period, must not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis).

The Common Shares in respect of which Options are not exercised shall be available for subsequent Options. No fractional shares may be purchased or issued hereunder.

4.3 The Option Price shall be fixed by the Board at the time the Option is granted to the Participant, but under no circumstances shall any Option Price ~~at the time of the grant~~ be lower than the Market Price ~~per~~

~~Common Share at the date of grant~~ or such other minimum price as may be required by ~~any~~ the Exchange ~~on which the Common Shares are listed at the time of grant.~~

4.4 The term of Options granted shall be determined by the Board in its discretion, to a maximum of 5 years from the date of the grant of the Option. The vesting period or periods within this period during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board.

## 5. Exercise of Option

5.1 Subject to the Plan, ~~an optionee~~ and the terms of any stock option agreement, a Participant (or his or her legal personal representative) may:

- (a) exercise from time to time by delivery to the Corporation, at its head office in Calgary, Alberta, of a written notice of exercise ("**Exercise Notice**") specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Common Shares then being purchased. Upon exercise of the Option, the Corporation will cause to be delivered to the ~~optionee~~ Participant a certificate or certificates, representing such Common Shares in the name of the ~~optionee~~ Participant or the ~~optionee~~ Participant's legal personal representative or otherwise as the ~~optionee~~ Participant may or they may in writing direct; or
- (b) exercise the right (the "**Put Right**") from time to time to require the Corporation to purchase all or any part of the Options of the ~~optionee~~ Participant by delivery to the Corporation, at its head office in Calgary, Alberta, of a written notice of exercise ("**Put Notice**") specifying the number of Options with respect to which the Put Right is being exercised. Upon the exercise of the Put Right, the Corporation will purchase from the ~~optionee~~ Participant all of the Options specified in the Put Notice at a purchase price (the "**Purchase Price**") equal to the excess of the Current Market Price (as defined below), determined on the date of receipt of the Put Notice by the Corporation (the "**Notice Date**"), over the ~~Exercise Option~~ Price for each Option being purchased under the Put Right. Upon the exercise of the Put Right, the Corporation will cause to be delivered to the ~~optionee~~ Participant a cheque representing the Purchase Price within three business days of the Notice Date. Notwithstanding the foregoing, the Board, or any committee of the Board to whom the operation of the Plan has been delegated, may at its sole discretion decline to accept the exercise of a Put Right at any time.

For purposes of this Section 5, the Current Market Price means the ~~Market Price of the Common Shares effective on the Notice Date~~ closing trading price on the Exchange on the last trading day preceding the Notice Date (or, if the Common Shares are not then listed and posted for trading on the Exchange, such price as required by such stock exchange in Canada on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board, or in the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada, the Current Market Price shall be determined by the Board in its sole discretion, acting reasonably), or such lower price as the Board, or any committee of the Board to whom the operation of the Plan has been delegated, may determine. Notwithstanding the foregoing sentence, in the event that there has been a publicly announced take-over bid, amalgamation or other transaction involving the Common Shares, while such transaction is still outstanding, the Current Market Price shall be the consideration offered pursuant to such transaction (in the event that the consideration is other than cash, the Board of Directors shall determine the cash equivalent for the purpose of this provision).

## 6. Adjustments in Shares

6.1 Appropriate adjustments in the number of Common Shares subject to the Plan and, as regards Options granted or to be granted, in the number of Common Shares optioned and in the Option Price, shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.

6.2 Options granted to Participants hereunder are non-assignable, except in the case of the death of a Participant (which is provided for in section 8), and are exercisable only by the Participant to whom the Option has been granted.

## 7. **Decisions of the Board**

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers and employees eligible under the provisions of the Plan to participate therein.

## 8. **Termination of Employment/Death**

8.1 Unless otherwise provided in the agreement evidencing the grant of Options, Options shall terminate at the earlier of: (i) the close of business 30 days after the ~~Optionee~~Participant ceasing (other than by reason of death but including termination with or without cause) to be at least one of an officer, director, employee (in active employment carrying out regular and normal duties), or consultant of the Corporation or a Subsidiary ~~of the Corporation~~, as the case may be, (ii) the close of business 30 days after the ~~Optionee~~Participant has been provided with written notice of dismissal related to (i) above; and (iii) the expiry date of the Option.

8.2 If before the expiry of an Option in accordance with the terms thereof a Participant ceases to be an employee, officer, director or consultant by reason of the death of the Participant, any unvested portion of such Option shall immediately vest. In addition, such Option may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal personal representative(s) of the Participant's estate or at any time before 5:00 p.m. Calgary time on the 90th day after the date of death of the Participant, subject to, at the discretion of the Board of Directors of the Corporation, to extension of the expiry.

8.3 The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any Subsidiary, nor does it interfere in any way with the right of the Participant, the Corporation or the Subsidiary to terminate the Participant's employment at any time.

8.4 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

## 9. **Amendment or Discontinuance of Plan**

9.1 ~~The Board may amend or discontinue the Plan at any time without the consent of the Participants provided that such amendment shall not alter or impair any Option previously granted under the Plan except as permitted by the provisions of Article 6 hereof.~~ Plan and any issued Options may be amended, modified or terminated with the approvals of the TSX and shareholders by ordinary resolution at a meeting of shareholders as may be required pursuant to the policies of the TSX. For greater certainty, shareholder approval will not be required for any of the following types of amendments:

- (a) amendments of a "housekeeping" nature;
- (b) a change to the vesting provisions of Options; and
- (c) a change to the termination provisions of Options or the Plan which does not entail an extension beyond the original expiry date.

Without limiting the generality of the foregoing, shareholder approval will be required, in accordance with the policies of the TSX, in order for the Corporation to:

- (a) modify or amend the terms of Options, including those previously granted, including the repricing of any Options and the extension of the exercise period for any Options; and
- (b) any change to the eligible Participants under the Plan which would have the potential of broadening or increasing Insider participation.

9.2 Subject to the foregoing and regulatory approval, as applicable, the Corporation may from time to time add to, delete from, alter or otherwise amend the provisions of the Plan or any Option granted thereunder as it sees fit or may at any time terminate the Plan, provided that:

- (a) no amendment may change the manner of determining the Option Price, increase the maximum number of Common Shares reserved for issuance pursuant to outstanding Options, or without the written consent of the Participant, materially and adversely impair, alter or amend any Option previously granted to such Participant; and
- (b) a termination of the Plan shall not derogate from the rights of those Participants that hold Options granted prior to the date of such termination, unless otherwise consented to by such Participants.

## 10. Government Regulation

The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on anythe Exchange ~~on which such Common Shares may then be listed~~; and
- (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on anythe Exchange ~~on which such Common Shares are then listed~~.

## 11. Participants' Rights

A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

## 12. Effective Time of Grant

A grant of Options is effective as of 12:01 a.m. on the date of grant.

## **SCHEDULE "C"**

### **XTREME COIL DRILLING CORP.**

#### **MANDATE OF THE BOARD OF DIRECTORS**

##### **Introduction to Stewardship Duties**

The purposes and responsibilities outlined in this Mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities.

The Board is responsible to shareholders and others for the stewardship of the Corporation. The Board is responsible to oversee management of the business affairs of the Corporation, as described, and to act with a view to the best interests of the Corporation, growing value and maximizing return to shareholders.

The Board has plenary power with respect to the Corporation. Any responsibility not delegated to management or a Committee of the Board remains with the Board.

##### **General Legal Obligations of the Board**

The Board is responsible for the following legal matters oversight:

- (a) overseeing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
- (b) approving changes in the By-laws, Articles of Incorporation, matters requiring shareholder approval, and agendas for shareholder meetings; and
- (c) approving Xtreme Coil's legal structure, names and brands, mission statement and vision statement, and any amendments thereto.

1. The following business matters are the responsibility of the Board generally:

- (a) the nomination for election, on recommendation of the Corporate Governance and Nomination Committee, directors who will represent the best interests of Xtreme Coil, and also reflect the best interests of shareholders;
- (b) the acquisition of subsequent investments by the Corporation and the negotiation of management agreements respecting subsequent investments; and
- (c) any offering of securities of the Corporation including:
  - (i) the determination of any distribution record date other than the last date of each calendar year;
  - (ii) the determination of any borrowing, issuing any guarantee, and granting any security and subordination; and
  - (iii) the determination of the manner in which the Corporation shall exercise voting rights in respect of any securities owned by the Corporation;
- (d) all required administrative services of the Corporation , including, without limitation:

- (i) the retention and monitoring, on behalf of the Corporation, of the transfer agent and other organizations serving the Corporation;
  - (ii) the authorization and payment on behalf of the Corporation of operation expenses incurred on behalf of the Corporation;
  - (iii) the preparation of accounting, management and other reports (including quarterly and annual reports to shareholders of the Corporation, financial statements, tax reporting to shareholders of the Corporation and income tax returns);
  - (iv) keeping and maintaining the books and records of the Corporation and the supervision of compliance by the Corporation with record keeping requirements under applicable regulatory regimes;
  - (v) the calculation of the amount, and the determination of the frequency, of distributions by the Corporation;
  - (vi) the handling of communications and correspondence with shareholders of the Corporation and the preparation of notices of distributions to shareholders of the Corporation;
  - (vii) responding to investors' enquiries and general investor relations in respect of the Corporation;
  - (viii) dealing with banks and other institutional lenders, including in respect of the maintenance of bank records and the negotiation and securing of bank financing or refinancing of one or more credit or debt facilities, hedging or swap facilities or other ancillary facilities;
  - (ix) the preparation of the Corporation's reports to relevant securities regulatory authorities and any similar organization of any government or the committee of any stock exchange to which the Corporation is obligated to report and to otherwise deal with any such regulatory authorities;
  - (x) the organization of meetings of shareholders of the Corporation; and
  - (xi) the provision of such other administrative services as may be reasonably required for the ongoing business and administration of the Corporation;
- (e) to oversee the management of the business and affairs of Xtreme Coil including the relationships among the Corporation and their respective affiliates with their executives, affiliates, shareholders, Directors and Officers;
  - (f) to act honestly and in good faith with a view to the best interests of Xtreme Coil;
  - (g) to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
  - (h) to act in accordance with its obligations contained in the Business Corporations Act (Alberta), the Securities Act of each province and territory of Canada, other relevant legislation, regulations and policies, and the Corporation's Articles and By laws;
  - (i) in particular, it should be noted that the following matters must be considered by the Board as a whole:

- (i) submit to the shareholders of the Corporation any question or matter requiring the approval of the shareholders of the Corporation;
- (ii) fill a vacancy among the Directors or in the office of auditor;
- (iii) issue securities except in the manner and on the terms permitted by law and authorized by the Board;
- (iv) declare distributions;
- (v) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (vi) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase shares of the Corporation;
- (vii) approve management proxy circulars;
- (viii) approve take-over bid circulars or Directors' circulars;
- (ix) approve any financial statements; or
- (x) adopt, amend or repeal By-laws of the Corporation.

### **Composition and Board Organization**

Nominees for Directors are initially considered and recommended by the Corporate Governance and Nomination Committee of the Board, approved by the entire Board and appointed annually by the Corporation in accordance with the direction given to the Corporation by vote of the shareholders of the Corporation.

The Board will maintain an appropriate number of independent Directors to perform their duties and responsibilities. A majority of Directors comprising the Board must qualify as "independent" Directors in accordance with the definition of "independent" Director from time to time under the requirements or guidelines for Board service under applicable securities laws and the rules of any stock exchange on which the Corporation's shares are listed for trading. On at least an annual basis, the Board will conduct an analysis and make a determination as to the "independence" of each Board member.

The appropriate number of Directors from time to time will be determined to fairly reflect the investment in Xtreme Coil by those shareholders other than a significant shareholder or significant group of shareholders.

Certain of the responsibilities of the Board referred to herein may be delegated to Committees of the Board. The responsibilities of those Committees will be as set forth in their respective mandates, as amended from time to time.

The Board's set of criteria for addressing composition of the Board will include the present and anticipated skill set needed by the Board, experience, ethics, education, time availability, involvement in activities that conflict with Xtreme Coil's business, term and the number of other directorships held. Other matters may be included that vary from time to time.

### **Duties and Responsibilities**

#### **Managing the Affairs of the Board and Governance**

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described under the heading "General Legal Obligations of the Board". Subject to these legal obligations and to the Articles and By laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:

- (a) developing the Board's approach to governance, including the development and maintenance of the Board Manual and the Governance Guidelines, which may be delegated to the Corporate Governance and Nomination Committee;
- (b) planning its composition and size;
- (c) selecting the Board Chair or "Lead Director";
- (d) nominating candidates for election to the Board;
- (e) appointing Committees;
- (f) determining Director compensation;
- (g) developing position descriptions or terms of reference for the Board Chair and the Chair of each Committee of the Board, as well as for the President, Chief Executive Officer and for individual Directors; and
- (h) assessing the effectiveness of the Board itself, Committees and individual Directors in fulfilling their responsibilities at least annually.

#### 1. Management and Human Resources

The Board has oversight responsibility for:

- (a) the appointment and succession of the CEO and evaluating the CEO's performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
- (b) satisfying itself as to the integrity of the CEO and that the CEO and other Executive Officers create a culture of integrity throughout the organization;
- (c) approving a position description or terms of reference for the CEO;
- (d) reviewing CEO performance at least annually against agreed upon written goals and objectives that the CEO is responsible for meeting and that have been approved by the Board;
- (e) approving decisions relating to senior management, including appointment and discharge of Officers, compensation and benefits for Executive Officers, acceptance of outside directorships on public companies by Executive Officers (other than not-for-profit organizations), and special arrangements with Executive Officers, or other employee groups;
- (f) ensuring succession planning programs are in place, including programs to train and develop management; and
- (g) approving certain matters relating to all employees, including:
  - (i) the annual salary policy/program for employees;
  - (ii) new benefit programs or material changes to existing programs; and
  - (iii) material benefits granted to retiring employees outside of benefits received under any approved pension and other benefit programs.

## 2. Strategy and Plans

The Board has oversight responsibility to:

- (a) participate with management in the development of, and ultimately approve, Xtreme Coil's strategic plan, which strategic plan will take into account, among other things, the opportunities and risks of the business;
- (b) approve the annual business plans that enable Xtreme Coil to realize its objectives;
- (c) approve annual capital and operating budgets that support Xtreme Coil's ability to meet its strategic objectives;
- (d) approve any political or charitable donations policy or budget;
- (e) approve the entering into, or withdrawing from, lines of business or geographic markets that are, or are likely to be, material to Xtreme Coil;
- (f) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (g) approve material divestitures and acquisitions;
- (h) approve major leases; and
- (i) monitor Xtreme Coil's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

## 3. Financial and Corporate Issues

The Board has oversight responsibility to:

- (a) take reasonable steps to ensure the implementation and integrity of Xtreme Coil's internal control and management information systems;
- (b) monitor operational and financial results;
- (c) approve the Audit Committee recommendation to recommend appointment of external auditors and approve auditors' fees;
- (d) approve annual and quarterly financial results as approved by the Audit Committee and to approve release thereof by management;
- (e) approve any management proxy circular, annual information form and any documents incorporated by reference therein;
- (f) approve distributions on or in respect of the Corporation's shares;
- (g) approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses;
- (h) approve banking resolutions and significant changes in banking relationships;
- (i) approve appointments, or material changes in relationships with corporate trustees;

- (j) review coverage, deductibles and key issues regarding corporate insurance policies;
- (k) approve contracts, arrangements or commitments that may have a material impact on Xtreme Coil;  
and
- (l) approve the commencement or settlement of litigation that may have a material impact on Xtreme Coil.

#### 4. Business and Risk Management

The Board has oversight responsibility for the following functions, which may be delegated to one or more Committees of the Board:

- (a) ensure management identifies the principal business and financial risks and implements appropriate systems to manage these risks;
- (b) review operating and financial performance relative to budgets or objectives;
- (c) receive reports from management on matters relating to, among others, ethical conduct, environmental management, employee health and safety, human rights, and related party transactions;
- (d) to the extent the same have not been delegated to the Audit Committee, to assess and monitor management control systems:
  - (i) assess information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems; and
  - (ii) understand principal risks and review whether Xtreme Coil achieves a proper balance between risk and returns, and that management ensures that systems are in place to address the risks identified.

#### 5. Policies and Procedures

The Board has oversight responsibility to:

- (a) approve and monitor compliance with all significant policies and procedures by which Xtreme Coil is operated;
- (b) direct management to ensure Xtreme Coil operates at all times within applicable laws and regulations and according to the Code of Conduct adopted by Xtreme Coil; and
- (c) review significant new corporate policies or material amendments to existing policies.

#### 6. Compliance Reporting and Communications

The Board has oversight responsibility to:

- (a) ensure Xtreme Coil has in place effective communication processes with shareholders of the Corporation and other stakeholders and financial, regulatory and other recipients;
- (b) approve interaction with shareholders of the Corporation on all items requiring shareholder response or approval;

- (c) ensure that the financial performance of the Corporation is reported to shareholders, other securityholders and regulators in compliance with applicable law and regulations on a timely and regular basis, fairly and in accordance with generally accepted accounting principles;
- (d) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (e) report annually to shareholders of the Corporation on the Board governance for the preceding year.

#### 7. Standards of Liability

Nothing contained in this Mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of its Committees. The purposes and responsibilities outlined in this Mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities.