



## **ANNUAL INFORMATION FORM**

For the period October 1, 2023 to September 30, 2024

Dated: December 12, 2024

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## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Written and oral public communications of TerraVest Industries Inc. ("**TerraVest**", "**we**" or the "**Corporation**") often include written or oral forward-looking statements. Statements of this type are included in this annual information form ("**AIF**") and may be included in other filings with Canadian securities regulators, or in other communications. All statements other than statements of historical fact contained in this AIF are forward-looking statements, including, without limitation, those in the discussion of TerraVest's future plans and prospects under the "Description of the Business", and risk factors under "Risks Relating to the Business" and "Risks Relating to the Shares" sections in this AIF. Readers can identify many of these statements by looking for words such as "believes", "expects", "plans", "will", "intends", "anticipates", "estimates", "continues" or similar terms or variations of these words and contain estimates or assumptions about the outcome of future events. Forward-looking statements are used to describe management expectations and plans, and to assist the shareholders in understanding the financial position of TerraVest, as a whole, and its business segments. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that this information may not be appropriate for other purposes.

By their nature, forward-looking statements require us to make assumptions and, accordingly, forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that the forward-looking statements will not prove to be accurate. We caution readers of this AIF not to place undue reliance on our forward-looking statements because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements.

Assumptions and analysis about the performance of TerraVest, as a whole, and its business segments, the markets in which the business segments compete and the prospects and values of the business segments are considered in setting the business plan for TerraVest, in evaluating and forecasting the business segments, availability of credit, capital investments, and outlook for operations and financial position, results and cash flow and other plans and objectives and in making related forward-looking statements. In respect of the business segments, key assumptions are that, other than as specifically identified herein: (i) demand for products and services of the business segments in respect of the Canadian and other markets in which TerraVest's businesses are active; (ii) the input costs to the business segments do not vary significantly from the costs experienced historically; and (iii) TerraVest will not face any material negative effects in connection with the risk factors set out herein. Should any of these factors or assumptions vary, actual results may differ materially from the forward-looking statements. Additionally, the information set forth in this AIF identifies risk factors that could affect the operating results and performance of TerraVest and its business segments. We caution that the lists of factors set forth in this AIF are not exhaustive and that, when relying on forward-looking statements to make decisions with respect to TerraVest, investors and others should carefully consider the factors discussed, as well as other uncertainties and potential events, and the inherent risks and uncertainties of forward-looking statements. The forward-looking statements herein are made based on the assumption that TerraVest will not be affected by such risks. If TerraVest is affected by such risks, the forward-looking statements may become inaccurate.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this AIF are made as of the date of this AIF. Except as required by applicable securities laws, TerraVest does not undertake to update any forward-looking statements, whether written or oral, which it may make or that may be made, from time to time, on its behalf.

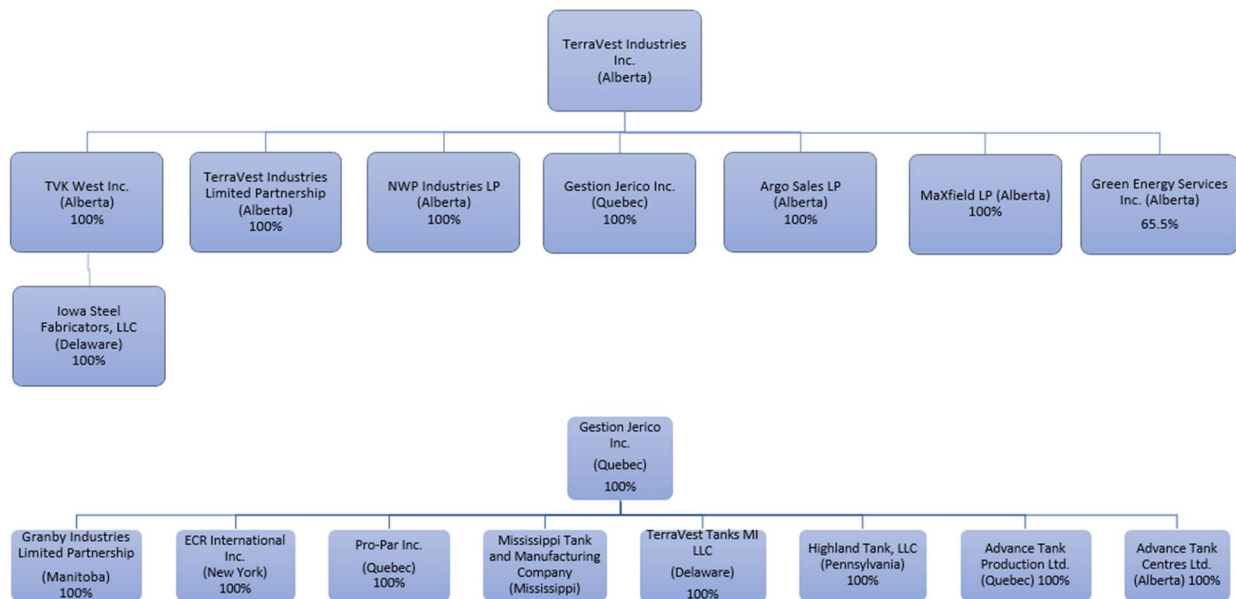
Unless otherwise indicated, information provided in this AIF is presented as of September 30, 2024.

## CORPORATE STRUCTURE OF TERRAVEST INDUSTRIES INC.

The Corporation was formed pursuant to a plan of arrangement (the “Arrangement”) under the Business Corporations Act (Alberta) on October 31, 2012. Pursuant to the Arrangement, the predecessor to the Corporation, TerraVest Income Fund (the “Fund”), an unincorporated, open-ended, limited purpose, mutual fund trust established under the laws of Alberta pursuant to a declaration of trust dated May 3, 2004, was converted into a corporation called TerraVest Capital Inc. and, among other things: (i) the Corporation acquired all the issued and outstanding units (the “Units”) of the Fund; (ii) the unitholders each received one common share (each, a “Share”) for each Unit held by them; (iii) the Fund was wound up and dissolved; and (iv) the Corporation was amalgamated with the former administrator of the Fund, TerraVest Industries Inc., and a number of other subsidiaries of the Fund and continued as TerraVest Capital Inc. On February 12, 2018, shareholders approved and authorized an amendment to TerraVest’s articles to change the name of “TerraVest Capital Inc.” to “TerraVest Industries Inc.” The name change was effective on February 21, 2018, and TerraVest began trading under the new name effective at the start of trading on February 28, 2018.

TerraVest's head office is 6205 60 Street in Vegreville, Alberta, Canada T9C 1P7 and its registered office is 2900, 10180 – 101 Street, Edmonton, Alberta, T5J 3V5.

The following table sets forth the main operating subsidiaries of the Corporation, their jurisdiction of incorporation and the percentage of ownership as at September 30, 2024:



### Notes:

1. The Corporation and its subsidiaries operate or have additional interests in other subsidiaries that do not meet the thresholds for disclosure set out in Form 51-102F2 of the Canadian Securities Administrators.
2. All of the outstanding equity securities of each entity shown above are owned by the Corporation, directly or indirectly.

## GENERAL DEVELOPMENT OF TERRAVEST INDUSTRIES INC.

### Three-Year History of the Corporation

Please note that all dollar figures presented in this section are expressed in thousands.

Effective on November 1, 2021, TerraVest entered into share purchase agreements to acquire an additional 41.4% of the issued and outstanding shares of Green Energy Services Inc. (“GES”), thereby bringing TerraVest’s ownership interest in GES to 66.8%. GES is a privately-owned Alberta based company operating under the name Fraction Energy Services and is an industry leader in water management and environmental solutions. GES offers a diverse range of fluid management solutions including water transfer, containment, heating, fluid trucking, and oilfield rentals. TerraVest acquired the shares of GES using its existing credit facilities and the issuance of TerraVest common shares.

On March 11, 2022, a subsidiary of TerraVest entered into a share purchase agreement to acquire all the issued and outstanding shares of Mississippi Tank and Manufacturing Company (“MTC”), a privately-owned manufacturing company that produces and distributes a broad range of storage and distribution equipment for the propane and compressed gas markets in North America, including transport trailers, bobtail delivery trucks, and various bulk storage tanks. The acquisition was funded through the Corporation’s existing cash on hand and credit facilities.

On July 4, 2022, TerraVest Industries Inc. entered into a share purchase agreement to purchase all of the issued and outstanding shares of Platinum Energy Services Ltd. (“PES”). The assets are used in the manufacturing of wellhead processing and production equipment for the Canadian Oil & Gas market. The acquisition was funded through the Corporation’s existing cash on hand and credit facilities.

On October 2, 2022, a subsidiary of TerraVest entered into a share purchase agreement to acquire all the issued and outstanding shares of JCAC Fortin Inc., the holding company of T.S.X. Transport Inc. (together referred as “TSX Transport”). TSX Transport is a privately-owned Quebec transport company that provides drop deck transportation services between Quebec and Eastern United States.

On March 1, 2023, a subsidiary of TerraVest entered into an acquisition agreement to acquire assets of Secure Energy (Drilling Services) Inc. (“SES”), a subsidiary of Secure Energy Inc. SES provides integrated fluids solutions such as on-site water sourcing, filtration, pumping, storage and heating services.

On October 23, 2023, TerraVest obtained, through certain of its subsidiaries operating in the HVAC and Containment and Compressed Gas Equipment segments, a credit facility (the “Credit Facility”) totaling \$310,000 with a syndicate of lenders replacing the then-existing revolving operating loan. The Credit Facility expires in October 2026 and is secured by the assets of the HVAC and Containment and Compressed Gas Equipment segments.

On November 1, 2023, a subsidiary of TerraVest entered into an asset purchase agreement to acquire all the operating assets of the subsidiaries of Highland Tank Holdings, LLC (“HT”) for a total consideration of US\$78,000 of which US\$5,000 was paid with the issuance of TerraVest common shares and the remaining was paid in cash using the Credit Facility. HT is a leading manufacturer of fuel and chemical storage tanks, LPG vessels and other custom built steel storage products in North America.

On November 3, 2023, TerraVest’s partially-owned subsidiary, Green Energy Services Inc. (“GES”), entered into a share purchase agreement to purchase all of the issued and outstanding shares of LV Energy Services Ltd. (“LV”) for a total consideration of \$25,000, of which \$3,000 was paid with the issuance of GES shares and the remaining was paid in cash. LV provides water management and other related services in the Western Canadian energy industry. GES acquired the shares of LV using its cash on hand and existing credit facilities.

On April 1, 2024, a subsidiary of TerraVest acquired all of the issued and outstanding shares of Advance Engineered Products Ltd. (“AEPL”). Headquartered in Regina, Saskatchewan, AEPL is a leading Canadian manufacturer and service provider in the tank trailer industry in Canada.

On May 15, 2024, on and subject to the terms of an underwriting agreement (the “2024 Bought Deal Underwriting Agreement”) dated May 9, 2024 entered into by and between the Corporation and a syndicate of underwriters co-led by National Bank Financial, Canaccord Genuity Corp. and Desjardins Securities Inc. (collectively, the “2024 Bought Deal Underwriters”), TerraVest issued 1,300,000 common shares pursuant to a bought deal offering at a

price of \$74.25 per common share for gross proceeds of \$96,525 (the “2024 Bought Deal Offering”). The 1,300,000 common shares issued pursuant to the 2024 Bought Deal Offering included 166,000 common shares issued pursuant to the exercise of an over-allotment option by the 2024 Bought Deal Underwriters. TerraVest has used, and intends to continue to use, the net proceeds from the 2024 Bought Deal Offering for future growth opportunities, to repay outstanding indebtedness and for general corporate purposes.

On December 3, 2024, GES entered into an asset purchase agreement with Aureus Energy Services Inc. (“Aureus”) to acquire their Canadian assets, located in Grand Prairie, Alberta and Fort St. John, British Columbia. Aureus provides water management and hot oiling services to the Western Canadian energy industry. The acquisition of Aureus is expected to close on or about January 1, 2025. Aureus will be acquired using existing cash and credit facilities.

## DESCRIPTION OF THE BUSINESS

TerraVest is a diversified industrial company that manufactures and sells goods and services to various end-markets including: agriculture, mining, energy production and distribution, chemical, utilities, transportation and construction, among others. TerraVest is focused on acquiring and operating market-leading businesses that will benefit from TerraVest’s financial and operational support. These opportunities generally centre on manufactured products and services that complement TerraVest’s existing operations and provide integration benefits.

### Sales

The sales revenues, including external and intersegment sales, for each of TerraVest operating segments as at September 30, 2024 are set forth below (in 000's):

	Year ended September 30, 2024	Year ended September 30, 2023	Year ended September 30, 2022
	\$	\$	\$
HVAC and Containment Equipment	329,584	180,254	196,294
Compressed Gas Equipment	269,556	211,254	182,775
Processing Equipment	110,103	128,046	107,775
Service	203,450	159,446	90,163
Corporate	(877)	(650)	(303)
Total	911,816	678,350	576,704

### Operating Segments

The term “business segments” is used to refer to the Corporation's HVAC and Containment Equipment segment, the Compressed Gas Equipment segment, the Processing Equipment segment, and the Service segment. Prior to October 1, 2022, the Corporation reported three operating segments: Fuel Containment, Processing Equipment and Service. Corporate is not a segment and is disclosed for reconciliation purposes. The following is a description of the business segments as at September 30, 2024. More information concerning the business segments, including the outlook, is included in TerraVest's management’s discussion and analysis (“MD&A”) for the year ended September 30, 2024 and is available on TerraVest's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

### HVAC and Containment Equipment

TerraVest’s HVAC and Containment Equipment segment is a provider of products and services to a variety of industries across Canada and the United States. The HVAC and Containment Equipment segment manufactures and distributes products including commercial and residential refined fuel tanks, furnaces, boilers, air conditioning equipment and controls as well as chemical storage tanks, wastewater treatment systems, grease removal systems and other custom built steel storage products. This segment sells its products through various distribution networks and direct to end users. The end users of the products are fuel distributors, commercial, residential and industrial consumers, municipalities and government agencies.

### *Products and Services*

The HVAC and Containment Equipment segment provides numerous products related to liquid and fuel containment and home heating products to a diversified group of industries. This business segment is a leading industry participant in the residential and light commercial oil tank market in Canada and the Northeastern United States as well as chemical storage tanks, fire suppression, thermal energy storage, wastewater treatment systems, grease removal systems and other custom built steel storage products with a strong presence in both the steel and fiberglass tank product lines. This business segment also offers complementary products in the home heating and ventilation market which are sold alongside its tank product lines.

### *Sales and Marketing*

The HVAC and Containment Equipment segment has a wide spectrum of customers, most with long standing relationships. No single customer accounts for more than 10% of annual revenues. Sales are conducted by way of in-bound calls as well as the utilization of a sales force. The HVAC and Containment Equipment segment is continually evolving by focusing on new product development and identifying new customer needs.

### *Customers*

The majority of the HVAC and Containment Equipment segment's commercial and industrial customers are repeat in nature, buying their product directly and through various lines of distribution. Residential product lines are generally sold through a broad network of heating, ventilation and air conditioning wholesalers throughout Canada and the Northeastern United States.

### *Competition*

The HVAC and Containment Equipment segment faces competition in all product categories. Maintaining a leading position requires national distribution, product innovation, customer service, competitive pricing and access to capital.

### *Increased Costs of Home Heating with Oil*

Management of the HVAC and Containment Equipment segment believes that increased costs relating to home heating with oil, including heating oil costs and related home insurance costs, as a percentage of consumers' disposable income could be a factor that negatively influences steel tank and/or furnace replacement decisions. A prolonged rise in such home heating costs, or further increases in such costs, could reduce demand for oil storage tanks and furnaces, which could adversely affect the Corporation's business, results from operations and financial condition. Additionally, if such home heating costs should remain high, on a relative basis as compared with natural gas, electricity and other alternative energy sources for a prolonged period, this would adversely impact storage tank sales volumes and consequently could have a material adverse effect on the Corporation's business, results from operations and financial condition.

### *United States Environmental Protection Agency ("EPA") efficiency requirements*

The EPA is contemplating an increase to the minimum efficiency standards of residential boilers. If such an increased energy efficiency standard came in place, this would adversely impact boilers sales in addition to changing some of this segment boilers product offering. Product energy efficiency is a measure that determines how efficient the products convert fuel into heat.

### *Reduced Residential Home Resale Activity*

Home resale activity can be a driver of replacing residential oil tank, as homeowners and insurers conduct inspections and identify aging tanks during the purchase and sale process. Reduced activity in the residential home resale market could lead to reduced revenues for the Corporation, and a prolonged downturn in the resale market could have a material adverse effect on the Corporation's business, results from operations and financial condition.

### *Foreign Exchange Risk*

The HVAC and Containment Equipment segment generates a portion of its sales from its Canadian entities in U.S. dollars, but a smaller proportion of its expenses are denominated directly in U.S. dollars. As a result, any increase of the Canadian dollar relative to the U.S. dollar will negatively impact the Corporation's results of operations from the

HVAC and Containment Equipment segment. From time to time, the Corporation uses financial derivative products to protect itself against some of the risks arising from fluctuations in the value of the U.S. dollar relative to the Canadian dollar and the fluctuation of the interest rates, but as the Corporation does not fully hedge its exposure, there can be no assurance that the Corporation's hedging strategy will be effective or that the Corporation will not be impacted by the changes in relative values of the Canadian dollar and the U.S. dollar. Any such change could have a material adverse effect on the Corporation's business, results from operations and financial condition.

#### *Employees and Facilities*

The HVAC and Containment Equipment segment has approximately 519 employees of which 245 are unionized and operates out of the following facilities:

<b>Location</b>	<b>Description</b>	<b>Relevant Operating Entity</b>
Cowansville, Quebec	Manufacturing Facility	Granby Industries Limited Partnership
Cowansville, Quebec	Office	T.S.X. Transport Inc.
Ham-Nord, Quebec	Manufacturing Facility	Granby Composites Inc.
Parrsboro, Nova Scotia	Manufacturing Facility and Warehouse	Granby Furnaces Inc.
Waverly, Nova Scotia	Manufacturing Facility	Granby FRP Tanks Inc.
Stoystown, Pennsylvania, U.S.A.	Manufacturing Facility	Highland Tank, LLC
Somerset, Pennsylvania, U.S.A.	Office	Highland Tank, LLC
Manheim, Pennsylvania, U.S.A.	Manufacturing Facility	Highland Tank, LLC
Friedens, Pennsylvania, U.S.A.	Manufacturing Facility	Highland Tank, LLC
Watervliet, New York, U.S.A.	Manufacturing Facility	Highland Tank, LLC
Greensboro, North Carolina, U.S.A.	Manufacturing Facility	Highland Tank, LLC
Clarkston, Michigan, U.S.A.	Manufacturing Facility	Highland Tank, LLC
Mancelona, Michigan, U.S.A.	Manufacturing Facility	Highland Tank, LLC
Utica, New York, U.S.A.	Office	ECR International Inc.
Dunkirk, New York, U.S.A.	Manufacturing Facility	ECR International Inc.
Bangor, Maine, U.S.A.	Distribution Warehouse	Granby Heating Products, LLC

Certain of these properties are pledged as security pursuant to the Credit Facility.

#### **Compressed Gas Equipment**

TerraVest's Compressed Gas Equipment segment is a provider of products and services to a variety of industries across Canada and the United States. This business segment manufactures engineered products for the storage, distribution and dispensing of compressed gases, crude oil, refined fuel, dry bulk and other liquids. Compressed gases include liquid propane gas ("LPG"), natural gas liquids ("NGL's"), liquified natural gas ("LNG"), anhydrous ammonia ("NH3"), carbon dioxide ("CO2") and various other gases. The products include bulk storage vessels, transport trailers, delivery units, dispensers, commercial and residential storage tanks and other custom vessels. This segment also services the various products it manufactures. This segment's products and services are primarily sold to propane and fuel distributors, fertilizer distributors, farmers, midstream energy companies and transportation companies and are used by industrial, commercial and residential consumers.

#### *Products and Services*

The Compressed Gas Equipment segment manufactures a comprehensive line of distribution and storage equipment for the petroleum, industrial gas and fertilizer industries, including: domestic tanks, nurse tanks, autogas dispensers, large bulk storage tanks, bulk transport trailers, bobtail delivery trucks, service trucks and custom pressure vessels. This segment is also a leading refurbisher of domestic propane tanks in the United States.

### *Sales and Marketing*

The Compressed Gas Equipment segment has a wide spectrum of customers, most with long standing relationships. No single customer accounts for more than 10% of annual revenues. Sales are conducted by way of in-bound calls as well as the utilization of a sales force. The Compressed Gas Equipment segment is continually evolving by focusing on new product development and identifying new customer needs.

### *Customers*

The majority of the Compressed Gas Equipment segment's commercial and industrial customers are repeat in nature, buying their product directly. This segment's products and services are primarily sold to oil and gas producers, midstream companies, engineering companies, propane and fuel distributors, fertilizer distributors and transportation companies.

### *Competition*

The Compressed Gas Equipment segment faces competition in all product categories. Maintaining a leading position requires national distribution, product innovation, customer service, competitive pricing and access to capital.

### *Foreign Exchange Risk*

The Compressed Gas Equipment segment generates a portion of its sales from its Canadian entities in U.S. dollars, but a smaller proportion of its expenses are denominated directly in U.S. dollars. As a result, any increase of the Canadian dollar relative to the U.S. dollar will negatively impact the Corporation's results of operations from the Compressed Gas Equipment segment. From time to time, the Corporation uses financial derivative products to protect itself against some of the risks arising from fluctuations in the value of the U.S. dollar relative to the Canadian dollar and the fluctuation of the interest rates, but as the Corporation does not fully hedge its exposure, there can be no assurance that the Corporation's hedging strategy will be effective or that the Corporation will not be impacted by the changes in relative values of the Canadian dollar and the U.S. dollar. Any such change could have a material adverse effect on the Corporation's business, results from operations and financial condition.

### *Employees and Facilities*

The Compressed Gas Equipment segment has approximately 736 employees of which 234 are unionized and operates out of the following facilities:

<b>Location</b>	<b>Description</b>	<b>Relevant Operating Entity</b>
	Manufacturing Facility and	
Edmonton, Alberta	Service Location	Advance Tank Production Ltd.
Calgary, Alberta	Service Location	Advance Tank Centres Ltd.
Surrey, British Columbia	Service Location	Advance Tank Centres Ltd.
Lloydminster, Alberta	Service Location	Advance Tank Centres Ltd.
	Manufacturing Facility and	
Regina, Saskatchewan	Service Location	Advance Tank Production Ltd.
St-Germain de Grantham, Quebec	Manufacturing Facility	Advance Tank Production Ltd.
	Manufacturing Facility and	
Sherbrooke, Quebec	Service Location	Pro-Par Inc.
Aylmer, Ontario	Service Location	Pro-Par Inc.
	Manufacturing Facility and	
Crossfield, Alberta	Service Location	MaXfield LP
	Manufacturing Facility and	
Saskatoon, Saskatchewan	Service Location	MaXfield LP
	Manufacturing Facility and	
Brandon, Manitoba	Service Location	MaXfield LP
Leduc, Alberta	Service Location	MaXfield LP
Calgary, Alberta	Sales and Corporate Office	MaXfield LP and TerraVest Leasing LP
Kaleva, Michigan, U.S.A.	Manufacturing Facility	TerraVest Tanks MI LLC

Location	Description	Relevant Operating Entity
Clio, Michigan, U.S.A.	Manufacturing Facility and Service Location	Signature Truck Systems, LLC
Houghton Lake, Michigan, U.S.A.	Manufacturing Facility and Service Location	Signature Truck Systems, LLC
Hattiesburg, Mississippi, U.S.A.	Manufacturing Facility and Service Location	Mississippi Tank & Manufacturing Company
Vincennes, Indiana, U.S.A.	Manufacturing Facility and Service Location	Mississippi Tank & Manufacturing Company
Southaven, Mississippi, U.S.A.	Distribution Warehouse	MTankCo Supply, LLC
Osceola, Iowa, U.S.A.	Manufacturing Facility	Iowa Steel Fabricators, LLC

Certain of these properties are pledged as security pursuant to the Credit Facility.

### **Processing Equipment**

TerraVest's Processing Equipment segment is a leading fabricator of equipment for various end-markets including upstream and midstream oil and gas production, renewable natural gas ("biogas") production, water treatment and mining. This business segment manufactures and sells a wide array of equipment such as wellhead processing equipment and tanks, desanding equipment, biogas production equipment, water treatment equipment and various other custom process equipment. This segment's products and services are primarily sold to oil and gas producers, midstream companies, utilities, municipalities and engineering companies.

#### *Products and Services*

The Processing Equipment segment's end products consist of steel skids, pressure vessels, storage and field erected tanks, polyurethane/steel housings, piping, sand separators and ancillary equipment. Skids, vessels and housings are manufactured or fabricated by the Processing Equipment segment. Many units include measurement equipment, separation tanks, and remote monitoring equipment. Most of the subcomponents are purchased, fabricated and assembled into units by the Processing Equipment segment.

The Processing Equipment segment also manufactures equipment for complex natural gas wells, as well as biogas production equipment and water treatment equipment. The equipment manufactured by the Process Equipment segment requires highly regulated technical expertise and highly skilled manufacturing capabilities.

#### *Manufacturing Process*

The Processing Equipment segment's manufacturing operations produce custom designed equipment in low-volume batches. This business segment provides engineering and design services either in conjunction with customers or independently to provide complete, ready to install unit solutions. Manufacturing activities include metal fabrication, welding, painting, sub-assembly, packaging, warehousing and shipping.

The Processing Equipment segment purchases materials and components from a number of suppliers. The Processing Equipment segment is not dependent on any supplier for any one input and can purchase the materials and components used in its fabrication of gas well processing equipment from a number of alternative suppliers.

#### *Sales and Marketing*

Sales are conducted by way of in-bound calls as well as the utilization of a sales force. The majority of the Processing Equipment segment's business comes from repeat customers who buy products directly from this segment. One customer accounts for more than 10% of annual revenue.

### *Customers*

The Processing Equipment segment's customers are drawn primarily from a broad range of upstream and midstream energy companies in Western Canada and by municipalities and engineering companies. The Processing Equipment segment benefits from numerous long-standing customer relationships and provides significant engineering assistance to its customers, offering solutions and alternatives for wellhead equipment through a partnership approach.

### *Competition*

The market in which the Processing Equipment segment competes varies by product line. For wellhead processing equipment, the market is very fragmented and concentrated in Western Canada. The industry fragmentation reflects the diversity of requirements for equipment for natural gas wells. Competitors include private companies and subsidiaries of larger companies.

### *Foreign Exchange Risk*

The Processing Equipment segment generates a portion of its sales in U.S. dollars, but a smaller proportion of its expenses are denominated directly in U.S. dollars. As a result, any increase of the Canadian dollar relative to the U.S. dollar will negatively impact the Corporation's results of operations from the Processing Equipment segment.

### *Employees and Facilities*

The Processing Equipment segment has approximately 243 employees of which none are unionized. There is higher employment and greater hours worked per employee in the period of higher demand from November to March.

The Processing Equipment segment operates out of the following facilities:

<b>Location</b>	<b>Description</b>	<b>Relevant Operating Entity</b>
Calgary, Alberta	Sales and Corporate Office	NWP Industries LP, EnviroVault LP, Argo Sales LP and SegreTECH Inc.
Innisfail, Alberta	Manufacturing Facility	NWP Industries LP and EnviroVault LP
Medicine Hat, Alberta	Manufacturing Facility	Argo Sales LP
Redcliff, Alberta	Manufacturing Facility	Argo Sales LP
Vegreville, Alberta	Manufacturing Facility	TerraVest Industries LP

### *Environmental Protection*

The Processing Equipment segment is committed to managing and operating in a safe, efficient, environmentally responsible manner and is committed to continually improving its environmental, health, safety and social performance. To fulfill this commitment, the Processing Equipment segment's operating practices and procedures are consistent with the requirements established for its industry. Key environmental considerations include air quality and climate change, water conservation, spill management and waste management plans. The Processing Equipment segment monitors all activities and makes reasonable efforts to ensure that its service providers and employees operate in a manner consistent with its environmental standards. The Corporation believes that its Processing Equipment segment is meeting all existing environmental standards and regulations and includes sufficient amounts in its capital expenditure budget to continue to meet current environmental protection requirements. Compliance with such requirements can involve significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability, and the imposition of fines and penalties which may be material. Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. As these laws, regulations and guidelines continue to become more stringent, there is a risk to TerraVest and its customers that compliance with these changes may adversely affect TerraVest through increased operating costs. Please also see the discussion under "Environmental Legislation" and under the heading entitled "Risk Relating to the Business".

## **Service**

TerraVest's Service segment provides a wide range of services to the energy sector in Western Canada including fluid hauling, water management, environmental solutions, heating, rentals and well servicing. Water management includes the following services: fluid transfer, heating, and rental services. TerraVest's Service segment is well-recognized for its technological innovation and its industry-leading service product offering. This segment services many of the largest energy producers in Canada.

### *Services*

The Service segment operates oil and gas well servicing rigs from facilities in Swift Current, Saskatchewan and the West Central region of Saskatchewan. Revenue is based on the number of hours that the service rigs are utilized in the field on customer's sites, and, accordingly, revenue fluctuates based on utilization rates. Utilization rates are impacted by commodity prices, competition and weather.

This segment also provides services such as fluid hauling, water management, environmental solutions, heating and rentals and operates from facilities throughout Northeastern British Columbia and Alberta. Revenue for this division is generated based on operational utilization, which is directly impacted by commodity pricing, market competition and seasonality.

### *Sales and Marketing*

The oil and natural gas industry and specifically the water management market are considered cyclical and directly correlated to underlying commodity prices. The Service segment's main markets, the area around Swift Current, Saskatchewan, Northeastern British Columbia and Alberta are primarily focused on the production of oil.

### *Customers*

The Service segment has an extremely diversified customer base, which includes many of the major Canadian Oil and Gas producers. This segment has one customer that accounts for approximately 12% of its revenue with none of its remaining customers accounting for more than 10% of revenue. The Service segment has developed strong business relationships with its customers and has focused its efforts on satisfying customer needs.

### *Competition*

In Saskatchewan, the Service segment competes with a number of rig companies. The Service segment has service rigs in Southwest Saskatchewan and in the West Central region of Saskatchewan. The Service segment has been able to maintain satisfactory utilization rates for its rigs in Saskatchewan. In Canada, the Water Management market consists of 3-major competitors with the remaining balance of the market consisting of smaller competitors.

### *Environmental Protection*

The Service segment operates under an industry leading environmental and sustainability program, recognizing safety, first nations engagement and social governance as core values of the Corporation. The Service segment is committed to managing and operating in a safe, efficient, environmentally responsible manner and is committed to continually improving its environmental, health, safety and social performance. To fulfill this commitment, the Service segment's operating practices and procedures are consistent with the requirements established for its industry. Key environmental considerations include air quality and climate change, water conservation, spill management and waste management plans. The Service segment monitors all activities and makes reasonable efforts to ensure that its service providers and employees operate in a manner consistent with its environmental standards. The Corporation believes that its Service segment is meeting all existing environmental standards and regulations and includes sufficient amounts in its capital expenditure budget to continue to meet current environmental protection requirements. Compliance with such requirements can involve significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability, and the imposition of fines and penalties which may be material. Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. As these laws, regulations and guidelines continue to become more stringent, there is a risk to TerraVest and its customers that compliance with these changes may adversely affect TerraVest through increased operating costs. Please also see the discussion "Environmental Legislation" under the heading entitled "Risk Relating to the Business".

### *Employees and Facilities*

The Service segment has 441 employees and operates out of the following facilities:

<b>Location</b>	<b>Description</b>	<b>Relevant Operating Entity</b>
Medicine Hat, Alberta	Field Office	Diamond Energy Services LP
Shaunavon, Saskatchewan	Field Office	Diamond Energy Services LP
Kindersley, Saskatchewan	Field Office	Diamond Energy Services LP
Unity, Saskatchewan	Operating Facility and Field Office	Diamond Energy Services LP
Swift Current, Saskatchewan	Operating Facility	Diamond Energy Services LP
Calgary, Alberta	Sales and Corporate Office	Green Energy Services Inc.
Sexsmith, Alberta	Field Office	Green Energy Services Inc.
Fort St. John, British Columbia	Field Office	Green Energy Services Inc.
Whitcourt, Alberta	Office	Green Energy Services Inc.
Lacombe, Alberta	Field Office	Green Energy Services Inc.

## **RISK FACTORS**

### **Risks Relating to the Business**

TerraVest's financial condition depends on the economic condition of its business segments. While stronger performance by one of the business segments may compensate for weaker performance by another of the business segments, any negative effects on the financial condition or results of operations of a business segment have negative effects on the overall financial condition or results of operations of TerraVest.

#### *Demand for Products and Services*

All of the business segments operate in industries in which the demand for their products or services is sensitive to many factors.

Demand for products and services in the Processing Equipment and Service segments are dependent on capital spending tied to oil and gas production in Western Canada, which is a factor of global and regional commodity pricing and consumption.

Demand for products in the HVAC and Containment Equipment and Compressed Gas Equipment segments are dependent on commodity pricing for propane, butane and anhydrous ammonia. Demand is also dependent on consumption of these commodities, which can be influenced by regional weather patterns and crop requirements. Unusually warm winters can result in reduced heating requirements that have a negative impact on the demand for these segment products.

#### *Weather-Related Risks*

The Corporation is subject to weather-related risks through all of its operating segments. Prolonged periods of rain or spring break-up may adversely affect Processing Equipment and Service segments' customers drilling programs. Unusually warm temperatures throughout the year can adversely affect the demand for products in the HVAC and Containment Equipment and Compressed Gas Equipment segments. There can be no assurance that these natural elements will not have a material adverse effect on the Corporation.

#### *Credit Risk*

Accounts receivable of any of the business segments may be adversely affected by economic conditions in the market in which it operates.

### *Foreign Exchange Risk*

TerraVest generates a portion of its sales from its Canadian entities in U.S. dollars, but a smaller proportion of its expenses are denominated directly in U.S. dollars. As a result, any increase of the Canadian dollar relative to the U.S. dollar will negatively impact the Corporation's results. From time to time, the Corporation uses financial derivative products to protect itself against some of the risks arising from fluctuations in the value of the U.S. dollar relative to the Canadian dollar and the fluctuation of the interest rates, but as the Corporation does not fully hedge its exposure, there can be no assurance that the Corporation's hedging strategy will be effective or that the Corporation will not be impacted by the changes in relative values of the Canadian dollar and the U.S. dollar. Any such change could have a material adverse effect on the Corporation's business, results from operations and financial condition.

### *Competition*

All the markets in which the Corporation's business segments operate are highly competitive and competition in the respective markets involves a broad range of competitors, some of whom have better product or service offerings than the Corporation's business segments. Some of the competitors are divisions of large corporations that have greater financial and other resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products or services that compete with those of the Corporation's business segments or that new competitors will not enter into the markets served by the business segments. The Corporation's business segments also compete with smaller manufacturers or service providers in the markets which the Corporation's business segments serve, some of which have competitive advantages such as lower overhead costs, stronger customer relationships or specialized regional strength.

The oil and gas sector in the Western Canadian Sedimentary Basin is generally a regional market and, accordingly, Processing Equipment and Service segments primarily compete with other companies located in the region.

### *Limited Customer Bases*

The Processing Equipment and Service segments derive a significant portion of their revenues from a limited customer base. If one or more of the significant customers were to cease doing business with one of these business segments, or significantly reduced or delayed its purchase of equipment or services, the financial condition and results of operations of such business segment would be materially adversely affected.

### *Input Costs*

The manufacturing business segments of Processing Equipment, HVAC and Containment Equipment and Compressed Gas Equipment rely heavily on the cost of materials used to manufacture their products. While not dependent on a single supplier of materials, Processing Equipment, HVAC and Containment Equipment and Compressed Gas Equipment segments purchase materials that are priced on world markets which may be subject to economic and seasonal fluctuations and for which prices may raise at rapid rates over short periods of time. In some, but not all cases, the sale price of a product can be raised in order to recover the higher costs of materials used to manufacture the product, but such a response often lags by some time the increase in the price of materials and is very difficult in periods when the prices of materials are more volatile.

Steel is a major component of the products purchased and/or manufactured by Processing Equipment, HVAC and Containment Equipment and Compressed Gas Equipment and, accordingly, an increase in the price of steel may have a material adverse effect on the financial condition and results of operations of those segments and TerraVest.

### *Government Regulation*

The operations of the Corporation are subject to a variety of federal, provincial and local laws of Canada and federal, state and municipal laws of the United States of America. These include regulations and guidelines, including laws and regulations relating to securities, health and safety, the conduct of operations, the emission of greenhouse gases, regulations impacting the supply chain including sanctions or the restrictions on doing business with certain suppliers, the operation of equipment used in its operations, and the manufacture, management, transportation, storage and disposal of certain materials and equipment used in the Corporation's operations. The Corporation invests financial and managerial resources to ensure such compliance and will continue to do so in the future. Although such expenditures have not historically been material to the Corporation, such laws or regulations are subject to change. Accordingly, it is impossible for the Corporation to predict the cost or impact of such laws and

regulations on its future operations. It is not expected that any changes to these laws, regulations or guidelines would affect the operations of the Corporation in a manner materially different than they would affect other diversified industrial manufacturing companies of a similar size.

#### *Environmental Legislation*

Environmental matters are subject to regulation under a variety of federal, provincial, territorial, state and municipal laws relating to health and safety and the environment.

Management believes that the Corporation's business segments are in compliance with applicable environmental legislation. However, regulation is subject to change and, accordingly, it is impossible to predict the costs of compliance with new laws or the effects that changes would have on the business segments or their future operations.

Among the Corporation's business segments, management believes that the risk of non-compliance with environmental regulation is greatest for Service, due to the nature of its oil and gas well servicing business and water management services.

The trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, including the generation and disposal of waste and the use and handling of chemical substances. These restrictions and limitations have increased operating costs for all of the Corporation's business segments and, in the case of Service and Processing Equipment, their customers. Any regulatory changes that impose additional environmental restrictions or requirements on the Corporation's business segments or these customers could adversely affect TerraVest through increased operating costs and potential decreased demand for services.

#### *Liability and Insurance*

Due to the nature of the products and services provided by each of the business segments, general liability, product liability and product defect claims may be asserted against them. Although insurance coverage is carried at levels which management believes to be standard for businesses operating in the sectors in which the business segments operate, there can be no assurance that the coverage will be sufficient to satisfy any liability claim. There can be no assurance that adequate insurance coverage will be available in the future or available on commercially acceptable terms or rates. Any such claims that exceed the scope of coverage or an inability to obtain coverage or adequate coverage could result in material liabilities to one or more of the business segments.

#### *Obsolescence*

The technology used by the business segments is constantly undergoing development and change. New technologies may be developed, or existing technologies refined, which could render existing equipment or processes technologically or economically obsolete. The development of new technologies or new applications for existing technologies may require existing systems to be adapted or new systems to be acquired in order to successfully compete. Due to cost factors, competitive considerations or other constraints, there can be no assurance that a given business segment will be able to acquire or have access to any new or improved equipment that it may need in order to serve its customers. Any inability of a business segment to provide state-of-the-art products and technologies may adversely affect its business and financial condition and results of operations. There is no proprietary protection for the primary product lines or processes of any of the business segments.

#### *Labour*

The success of TerraVest depends on the ability of the business segments to maintain their respective productivity and profitability. The productivity and profitability of the business segments may be limited by their ability to employ, train and retain the skilled personnel necessary to meet their respective requirements. None of the business segments can be certain that they will be able to maintain the adequate skilled labour force necessary to operate efficiently and to support their growth strategies. As well, none of the business segments can be certain that their labour expenses will not increase as a result of a shortage in the supply of these skilled personnel. Labour shortages or increased labour costs could impair the ability of a business segment to maintain or grow its respective business segment.

### *Key Personnel*

The success of TerraVest depends on the skills, experience and effort of its management and senior management of its business segments. The loss of one or more members of management or senior management of a business segment could significantly weaken the performance of the affected business segment.

### *Information Technology and Cyber Security*

The business operations of TerraVest are managed through a variety of information technology systems. While these systems are designed to operate without interruption, the Corporation may in the future experience interruptions to the availability of its computer systems from time to time. The failure of TerraVest's computer systems to operate effectively, keep pace with the Corporation's growing capacity requirements, smoothly transition to upgraded or replacement systems or integrate with new systems could adversely affect TerraVest's business. In addition, the Corporation's computer systems are subject to: (i) damage or interruption from power outages, (ii) computer and telecommunications failures, (iii) computer viruses, (iv) cyber-attacks, (v) denial-of-service attacks, (vi) security breaches, (vii) catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and (viii) usage errors by the Corporation's employees. If the Corporation's computer systems are damaged or cease to function properly, TerraVest may have to make an investment to fix or replace them, and may suffer loss of critical data, compromise to the integrity or confidentiality of customer and employee information in the Corporation's systems or networks, disruption to the systems or networks of third parties on which the Corporation relies, and interruptions or delays in the Corporation's operations. A lack of relevant and reliable information that enables management to effectively manage TerraVest's business could preclude the Corporation from optimizing its overall performance. Any significant loss of data or failure to maintain reliable data could have an adverse effect on the Corporation's business and results of operations. Any such disruption could increase TerraVest's costs, diminish the Corporation's growth prospects, expose the Corporation to litigation, decrease customer confidence and damage TerraVest's brand, and a material interruption to any of the Corporation's computer systems could adversely affect the Corporation's business or results of operations and TerraVest's reputation.

### *Leverage and Restrictive Covenants*

The degree to which TerraVest's subsidiaries are leveraged could significantly affect the amount of income to be generated and therefore the funds available to TerraVest. The consequences to TerraVest and to the holders of the Shares arising from borrowing activities of TerraVest's subsidiaries include: (i) reduced ability to obtain additional financing for working capital; (ii) dedication of cash flow from operations to the payment of interest on such indebtedness thereby reducing funds available for payment to TerraVest; and (iii) exposure to the risk of increased interest rates. The ability of TerraVest's subsidiaries to make scheduled payments of interest on, or to refinance, its indebtedness will depend on future cash flows, which is subject to the operations of their businesses, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond their control. These factors might inhibit refinancing of indebtedness on favourable terms, or at all.

TerraVest's credit facilities contain restrictive covenants that limit the discretion with respect to certain business matters and may, in certain circumstances, restrict the ability to pay interest or make distributions which could adversely impact the Corporation's cash available for distribution. These covenants will place restrictions on certain activities of the business segments. In addition, the credit facilities include covenants that must be satisfied by the parties to the respective credit facilities. Failure to comply with the obligations under the credit facilities could result in an event of default which, if not cured or waived, could permit the acceleration of the relevant indebtedness. The credit facilities are secured by customary security for entities of this type, including first ranking security over all present and future personal property of the borrower, mortgages and an assignment of insurance. If the parties to the credit facilities are not able to meet their respective debt service obligations, these parties, as the case may be, risk the loss of some or all of their respective assets to foreclosure or sale. There can be no assurance that the assets of the parties to the credit facilities would be sufficient to make accelerated repayment in full of indebtedness under the credit facilities. If any of the credit facilities are replaced on less favourable terms, the Corporation and its subsidiaries may be adversely affected.

### *Managing Growth Through Acquisitions*

The Corporation has historically expanded its operations by making acquisitions and expects to continue to make acquisitions in the future. Growth and expansion resulting from future acquisitions may place a significant demand on the Corporation's management resources. Integration of the Corporation's completed acquisitions and any future acquisitions involves a number of special risks, including the following: (i) failure to integrate successfully the personnel, information systems, technology, and operations of the acquired business; (ii) failure to maximize the potential financial and strategic benefits of the transaction; (iii) failure to realize the expected synergies from acquired businesses; (iv) unplanned costs required to integrate the businesses and achieve synergies; (v) possible impairment of relationships with employees and customers as a result of any integration of new businesses and management personnel; (vi) possible losses from liabilities assumed in customer contracts; (vii) impairment of goodwill; and (viii) reductions in future operating results from amortization of intangible assets.

When evaluating an acquisition opportunity, the Corporation cannot assure that it will correctly identify the risks and costs inherent in the business that it is acquiring. If the Corporation were to proceed with one or more significant future acquisitions in which the consideration consisted of cash, a substantial portion of the Corporation's available cash resources may be used or the Corporation may have to seek additional financing to complete such acquisitions.

Future acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company may not be adequately reflected in the historical financial statements of such company and the risk that such historical financial statements may be based on assumptions, which are incorrect or inconsistent with the Corporation's assumptions or approach to accounting policies. The Corporation may not be able to manage such expansion effectively and any failure to do so could lead to a disruption in the Corporation's business, a loss of customers and revenue, and increased expenses.

### *Tax Related Risks*

The business and operations of the Corporation and its business segments are complex and the Corporation has undertaken a number of financings, reorganizations, acquisitions, disposals and other material transactions including the Arrangement over the course of its history. The computation of income taxes payable as a result of these transactions involves many complex factors including the Corporation's interpretation of relevant tax legislation and regulations. While management believes that the provision for income tax is adequate and in accordance with IFRS Accounting Standards and applicable legislation and regulations, tax filing positions are subject to review by taxation authorities who may challenge the Corporation's interpretation of the applicable tax legislation and regulations. In that regard, the Corporation receives from time to time correspondence from taxing authorities concerning its tax filing positions. If any challenge to the Corporation's tax filing position were to succeed, it could result in a reassessment of taxes or otherwise have a material adverse effect on the Corporation's tax position.

Furthermore, Canadian federal or provincial tax legislation may be amended, or its interpretation changed (whether by legislative or judicial action or decision), retroactively or for the future, so as to alter fundamentally the availability of the tax pools of the Corporation, which could materially adversely affect the Corporation's tax position.

### **Risks Relating to the Shares**

#### *Price, Dilution, Liquidity of Shares and Ability to Pay Dividends*

The prices at which the Shares will trade cannot be predicted. The market price of the Shares may be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets have experienced significant market wide and sectoral price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating performance of particular issuers. Such fluctuations may adversely affect the market price of the Shares.

The liquidity of the Shares may also be impacted by general market volatility. In addition, the Corporation has undertaken Normal Course Issuer Bids for 2022 and 2023. If the Corporation were to purchase additional Shares in the future, liquidity may be further reduced.

Any future dividends will be reviewed by TerraVest's board of directors and may be adjusted from time to time to reflect current business conditions. The ability of the Corporation to pay dividends and the actual amount of such dividends will be dependent upon, among other things, the financial performance of the Corporation and its business segments, its debt covenants and obligations, its ability to refinance its debt obligations on similar terms and at similar interest rates, its working capital requirements, its future tax obligations and its future capital requirements.

## **DISTRIBUTIONS AND DIVIDENDS**

TerraVest expects to declare and pay a dividend on a quarterly basis. The Corporation's dividend policy may be changed from time to time in the sole discretion of the board of directors. Accordingly, there can be no assurances as to the amount or timing of any dividend in the future. For further information see: "Risks Relating to the Shares" under the heading "Risk Factors" above.

The following table sets forth the amount of the quarterly cash dividends paid per Share by the Corporation for each of the three most recently completed financial years.

<b>Record Date</b>	<b>Payment Date</b>	<b>Dividend per Share</b>
September 30, 2021	October 12, 2021	\$0.10
December 31, 2021	January 10, 2022	\$0.10
March 31, 2022	April 11, 2022	\$0.10
June 30, 2022	July 11, 2022	\$0.10
September 30, 2022	October 11, 2022	\$0.10
December 31, 2022	January 10, 2023	\$0.125
March 31, 2023	April 11, 2023	\$0.125
June 30, 2023	July 10, 2023	\$0.125
September 30, 2023	October 10, 2023	\$0.125
December 31, 2023	January 10, 2024	\$0.15
March 31, 2024	April 10, 2024	\$0.15
June 30, 2024	July 10, 2024	\$0.15
September 30, 2024	October 10, 2024	\$0.15

The Corporation has declared a dividend of \$0.175 per Share, payable on January 10, 2025 to shareholders of record as at December 31, 2024. This represents a 17% increase over the prior quarterly dividend.

## **CAPITAL STRUCTURE**

### **Shares**

The Corporation is authorized to issue an unlimited number of common shares (the "**Shares**"). As at September 30, 2024, 19,501,433 Shares were issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions of the Shares:

#### *Dividends*

The holders of Shares are entitled to receive dividends, if, as and when declared by the board of directors, out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable at such times and at such place or places in Canada as the board of directors may from time to time determine.

#### *Voting Rights*

The holders of Shares are entitled to receive notice of and to attend all annual and special meetings of shareholders, and to vote at all such meetings in respect of each Share held.

#### *Participation on Liquidation, Dissolution or Winding-Up*

In the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among the shareholders for the purpose of winding up its affairs, the shareholders shall be entitled to participate ratably in any distribution of the assets of the Corporation.

#### **NORMAL COURSE ISSUER BID**

On March 15, 2023, the Corporation announced that the TSX had accepted to proceed with a normal course issuer bid to acquire its common shares (the “**2023 Normal Course Issuer Bid**”). Pursuant to the 2023 Normal Course Issuer Bid, the Corporation was entitled to purchase for cancellation up to a maximum of 949,963 Shares, which represented 10% of the public float of Shares as at the date of acceptance by the TSX. The Corporation also entered into an “automatic securities purchase plan” (as defined under applicable Canadian securities laws) with CIBC Wood Gundy for the purpose of making purchases under the 2023 Normal Course Issuer Bid (the “**2023 Plan**”). The 2023 Plan was established to provide standard instructions regarding how TerraVest's Shares were to be purchased under the 2023 Normal Course Issuer Bid. Accordingly, TerraVest was permitted to purchase its Shares in accordance with the 2023 Plan on any trading day during the 2023 Normal Course Issuer Bid, including during self-imposed trading blackout periods. The 2023 Normal Course Issuer Bid expired on March 16, 2024 and was not renewed. The Corporation did not repurchase any common shares under the 2023 Normal Course Issuer Bid in 2024.

#### **MARKET FOR SECURITIES**

The Shares of the Corporation are listed for trading on the TSX under the symbol “TVK”. Monthly trading price and volume information for the year ended September 30, 2024 is set forth below:

Month	Price per Share (\$)		Share Trading Volume
	High	Low	
October 2023	39.48	30.45	102,160
November 2023	39.99	32.75	178,502
December 2023	45.95	35.02	105,679
January 2024	49.94	42.91	165,544
February 2024	61.70	46.96	425,651
March 2024	61.47	52.15	337,754
April 2024	74.67	58.91	728,938
May 2024	82.93	70.98	1,117,128
June 2024	77.40	67.66	1,132,951
July 2024	83.92	69.71	547,338
August 2024	97.51	73.00	976,087
September 2024	101.73	92.17	680,468

## DIRECTORS AND EXECUTIVE OFFICERS

The following table lists, as at November 30, 2024, for each director (“**Director**”) and executive officer of TerraVest, his name, position with TerraVest and principal occupations during the five preceding years.

<b>Name and Municipality of Residence</b>	<b>Term as Director<sup>1</sup></b>	<b>Principal Occupation During the Five Preceding Years</b>
Charles Pellerin <sup>2,4</sup> Victoriaville, Quebec, Canada	Since February 15, 2014	<p>Charles Pellerin is the Principal Partner and President of one of the largest independent accounting firms in Quebec, Pellerin Potvin Gagnon S.E.N.C.R.L.</p> <p>Charles is the owner of several privately owned manufacturing businesses and owns residential, commercial and industrial properties throughout Quebec.</p> <p>Since 2009, Charles has been a board member of Clarke Inc. (TSX:CKI). In addition, he has been the Executive Chairman of TerraVest (TSX:TVK) since 2014, when TerraVest acquired one of Charles’s manufacturing companies. He is also a board member of: (i) Calfrac Well Services Ltd (TSX:CFW) (since May 2022); and (ii) Slate Office REIT (TSX:SOT.UN) since June 2024.</p> <p>Charles holds a Bachelor degree in accounting from Ottawa University and a post graduate diploma in accounting from University of Trois-Rivieres, Quebec. He has been a member of the Quebec Order of the Chartered Professional Accountants since 2000.</p> <p>Charles has been described as enterprising, results oriented, ambitious and entrepreneurial. As well, Charles is a sports fan having played football for 10 years and coaching for an additional 10 years. He is an owner and the President of a Junior Hockey Team, Tigres de Victoriaville.</p>
Blair Cook <sup>3,4</sup> Halifax, Nova Scotia, Canada	Since June 26, 2012	<p>Blair Cook is a partner at Executive Finance Partners Inc., a thought leadership consulting firm serving the office of the CFO. He was CFO of Mara Renewables Corporation for 6 years, a company developing sustainable sources of Omega 3s and renewable bio-diesel fuel and was formerly CFO of Horizon Maritime, a marine asset and management company for almost 3 years. Mr. Cook serves on the Board of Clarke Inc. (TSX:CKI).</p>
Dale H. Laniuk <sup>1</sup> Vegreville, Alberta, Canada	Since May 3, 2004	<p>Retired investor and corporate director; President and CEO of TerraVest from September 14, 2012 to February 3, 2015; President and CEO of TerraVest Industries Inc. from February 23, 2012 to October 31, 2012; Non-executive Chair of TerraVest Income Fund from October 31, 2009 to February 23, 2011 with executive responsibility for Processing Equipment.</p>

<b>Name and Municipality of Residence</b>	<b>Term as Director<sup>1</sup></b>	<b>Principal Occupation During the Five Preceding Years</b>
Rocco Rossi <sup>3,4</sup> Toronto, Ontario, Canada	Since June 26, 2012	Mr. Rossi currently serves on the Board of Directors of the Canada EU Trade and Investment Association (“CEUTIA”). Mr. Rossi was CEO of the Ontario Chamber of Commerce representing the interests of over 60,000 businesses big and small for 6 years. He was formerly for 5 years the CEO of Prostate Cancer Canada which was ranked by the Financial Post as one of the top 3 health charities in Canada in terms of efficiency and financial transparency in 2017.
Michael (Mick) MacBean <sup>3,4</sup> Calgary, Alberta, Canada	Since May 2, 2017	Mick is a Senior Managing Director at TriWest Capital Partners. Prior to joining TriWest, Mick was a founder and CEO of Diamond Energy Services, a Saskatchewan-based energy services firm. Mick successfully operated Diamond from 1998 to 2010. Prior to Diamond, Mick was employed at ARC Financial Corporation, a Calgary-based merchant banking and private equity firm. Mick holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Professional Accountant and a Chartered Director. Mick also currently serves on the Board of Directors of a number of private companies and is also a Board member of Peyto Exploration & Development Corp (TSX:PEI).
Dustin Haw <sup>4</sup> Toronto, Ontario, Canada President and CEO	Since June 18, 2014	President and CEO of TerraVest. He is responsible for operations, acquisitions and other strategic initiatives. Prior to TerraVest, Mr. Haw was Vice President of Investments at Clarke Inc. – a publicly traded investment company with a focus on distressed investments. Mr. Haw holds a PhD in Physics from the University of Western Ontario and the Chartered Financial Analyst designation.
Mitchell Gilbert Toronto, Ontario, Canada Chief Investment Officer	n/a	Chief Investment Officer of TerraVest since September 3, 2013 with key responsibilities in sourcing, negotiating and consummating mergers and acquisitions opportunities as well as evaluating organic growth investments and new market opportunities. Prior to joining TerraVest, Mr. Gilbert was at a major Canadian bank for 14 years in the Mergers & Acquisitions and Diversified Groups. Mr. Gilbert holds an undergraduate degree in Commerce from McMaster University, an MBA from the Ivey School of Business and the Chartered Financial Analyst designation.
Marilyn Boucher Mont-Saint-Gregoire, Quebec, Canada Chief Financial Officer	n/a	Chief Financial Officer of TerraVest since August 14, 2019. Marilyn joined TerraVest in 2017 and oversee the finance function and is responsible for the financial reporting of TerraVest and its subsidiaries. Prior to joining TerraVest, Marilyn was in a senior management role with a large Canadian publicly traded company involved in consumer products manufacturing. Marilyn holds a Bachelor of Commerce degree from Concordia University and is a Chartered Professional Accountant.

Notes:

1. The term as director includes the director's prior position as a trustee of the Fund and a director of TerraVest Industries Inc. Each director has been elected to serve until the next annual meeting of shareholders.
2. Chairman of the board of Trustees and the board of Directors since June 18, 2014. Mr. Pellerin was appointed Executive Chairman of TerraVest on June 18, 2014.
3. Member of the Audit Committee (chaired by Mr. Cook).
4. Member of the Governance and Nominating Committee ("**G&NC**") (chaired by Mr. Pellerin).

### **Share Ownership**

As at September 30, 2024, to the knowledge of the Corporation, the Directors and Executive Officers of TerraVest, as a group, held, either directly or indirectly, or exercised control over 5,755,484 Shares, representing 29.51% of the Shares outstanding.

## **AUDIT COMMITTEE**

### **Audit Committee Charter ("**ACC**")**

The ACC is attached as an appendix to this AIF. The ACC provides that the Audit Committee will pre-approve all non-audit services to be provided by the external auditor.

### **Composition and Background**

The Audit Committee is comprised of Blair Cook, CPA, Chairman, Rocco Rossi, and Michael (Mick) MacBean. Each member of the Audit Committee is independent and financially literate as such terms are defined in National Instrument 52-110 – Audit Committees.

### **Education and Experience of Members**

*Blair Cook, CPA, CA, MBA*

Blair is a many-time corporate director, CFO, author, speaker, educator, and thought leader. He was CFO of Mara Renewables Corporation for 6 years, a company developing sustainable sources of Omega 3s and renewable bio-diesel fuel and was formerly CFO of Horizon Maritime, a marine asset and management company for almost 3 years. He is also a partner at Executive Finance Partners, a thought leadership and consulting firm serving the office of the CFO. He discovers and reconciles best practices from both the academic and real world to help clients and companies become stronger. He is the author of *The Illiterate Executive: An Executive's Handbook for Mastering Financial Acumen*.

*Rocco Rossi*

Rocco Rossi was CEO of the Ontario Chamber of Commerce representing the interests of over 60,000 businesses big and small for 6 years. He was formerly for 5 years the CEO of Prostate Cancer Canada which was ranked by the Financial Post as one of the top 3 health charities in Canada in terms of efficiency and financial transparency in 2017. Mr. Rossi also currently serves on the Board of Directors of the Canada EU Trade and Investment Association ("**CEUTIA**").

*Michael (Mick) MacBean*

Mick is a Senior Managing Director at TriWest Capital Partners. Prior to joining TriWest, Mick was a founder and CEO of Diamond Energy Services, a Saskatchewan-based energy services firm. Mick successfully operated Diamond from 1998 to 2010. Prior to Diamond, Mick was employed at ARC Financial Corporation, a Calgary-based merchant banking and private equity firm. Mick holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Professional Accountant and a Chartered Director. Mick also currently serves on the Board of Directors of a number of private and public companies.

### **Audit fees**

Raymond Chabot Grant Thornton LLP was TerraVest's auditor from December 31, 2014 until its resignation and completion of ongoing services on August 10, 2023. On September 30, 2023, TerraVest changed its audit firm to KPMG LLP.

In addition to participation in the audit of the Corporation's consolidated financial statements, Raymond Chabot Grant Thornton LLP and KPMG LLP have provided other services to TerraVest and its subsidiaries for the last two fiscal years as set forth in the tables below.

Total of these services from Raymond Chabot Grant Thornton LLP:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Audit Services	-	-
Audit-Related Fees	-	<b>74,025</b>
Tax compliance and advisory fees	-	<b>115,485</b>
All other fees	-	<b>134,225</b>
	-	<b>323,735</b>

Total of these services from KPMG LLP:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Audit Services	<b>738,741</b>	<b>501,830</b>
Audit-Related Fees	<b>80,250</b>	-
All other fees	<b>185,505</b>	<b>337,889</b>
	<b>1,004,496</b>	<b>787,889</b>

### *Audit Fees*

Audit fees were paid for professional services rendered by the auditor for the audit of TerraVest's consolidated financial statements and their subsidiaries or services provided in connection with statutory and regulatory filings or engagements.

### *Audit-Related Fees*

Audit related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees described above. Certain services consist of assurance and related services for new developments both in Corporation policies and accounting standards. Audit-related fees include review of the interim condensed consolidated financial statements.

### *Tax Compliance and Advisory Fees*

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning. These services consisted of tax compliance including the review and preparation of original and amended tax returns, tax planning, and advisory services relating to common forms of taxation including income tax, goods and services tax, capital tax and property tax as well as assistance with respect to tax issues arising from business acquisitions.

### *All other fees*

Other services with respect to prospectus offerings, business acquisitions and potential business acquisitions and fees for audit assurance over transactions completed during the year.

## **MATERIAL CONTRACTS**

### **Asset Purchase Agreement dated November 1, 2023**

On November 1, 2023 an indirect wholly-owned subsidiary of TerraVest acquired the business of Highland Tank Holdings LLC pursuant to the terms of the asset purchase agreement (the “Highland Tank Purchase Agreement”), for total consideration of US\$78 million (the “Purchase Price”), with US\$5 million of the Purchase Price being satisfied through the issuance of Shares priced at the twenty-day volume-weighted average trading price of Shares on the TSX up to the closing of trading on the TSX on October 31, 2023. The Transaction was subject to customary representations and warranties and a working capital adjustment, all set forth in the Highland Tank Purchase Agreement. The Highland Tank Asset Purchase Agreement was filed with the applicable Canadian securities regulatory authorities on SEDAR+ on November 13, 2023.

### **Underwriting Agreement dated May 9, 2024**

On May 9, 2024, the Corporation entered into the 2024 Bought Deal Underwriting Agreement, pursuant to which the Corporation completed the 2024 Bought Deal Offering on May 15, 2024. In connection with the 2024 Bought Deal Offering, the Corporation issued an aggregate of 1,300,000 common shares of the Corporation at a price of \$74.25 per common share for gross proceeds of \$96,525,000, which included the issuance by the Corporation of 166,000 common shares issued at the same price, on the exercise in full of the over-allotment option granted to the 2024 Bought Deal Underwriters. The net proceeds from the 2024 Bought Deal Offering were initially allocated towards repaying existing debt and supporting general corporate activities, until required for future acquisitions or growth opportunities. The 2024 Underwriting Agreement was filed with the applicable Canadian securities regulatory authorities on SEDAR+ on May 9, 2024.

## **INTERESTS OF EXPERTS**

KPMG LLP, Chartered Professional Accountants, the auditor of the Corporation, is independent within the meaning of the Harmonized Rules of Professional Conduct of Chartered Professional Accountants of Canada. During the period covered by this AIF, KPMG LLP has audited TerraVest's consolidated financial statements for the year ended September 30, 2024.

## **LEGAL PROCEEDINGS**

None of the Corporation and its subsidiaries is involved in any legal proceeding that is outside the ordinary course of business or that management would expect to result in a material adverse effect on the Corporation, its financial condition or its operations.

## **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Shares is Odyssey Trust Company (Canada) at its principal offices in Calgary, Alberta.

## **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Shares, is contained in the Corporation's information circular for its annual meeting. Additional financial information is provided in TerraVest's audited consolidated financial statements and MD&A for the year ended September 30, 2024. These documents and other additional information relating to TerraVest may be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Appendix "A" : Audit Committee Charter



### TERRAVEST GROUP AUDIT COMMITTEE CHARTER

#### Mandate of the Committee

The mandate of the Audit Committee (the "**Committee**") of the TerraVest Group is to oversee and ensure that management has applied due diligence in creating and maintaining an effective financial and risk management and control framework.

Within the TerraVest Group's overall governance structure, the Committee is formally structured as a committee of the Board (the "**Board**") of Directors (the "**Directors**") of TerraVest Industries Inc. (the "**Corporation**"), which manages the portfolio companies (i.e. the corporations and limited partnerships) in which the Corporation holds business investments (e.g. RJV and Diamond) and as such has overall responsibility for the business and operations of the TerraVest Group as a whole. Accordingly, to the extent required, the Committee's mandate extends to oversight of the Corporation and all of the portfolio companies of the Corporation from time to time and references in this Charter to the "**TerraVest Group**" are intended to include all such entities. This framework is intended to provide reasonable assurance that the financial, operational and regulatory objectives of the TerraVest Group are achieved and that the legal responsibilities of the Corporation and the Board are appropriately discharged. The role of the Committee is primarily one of review, monitoring and recommendation to the Board.

The Committee fulfills its role on behalf of the Board by overseeing:

1. the integrity of the TerraVest Group's financial statements, financial information and accounting, financial reporting (including MD&A, as hereinafter defined) and auditing processes;
2. the external auditor's qualifications, independence and performance and recommending to the Board of Directors, the external auditor to be nominated and the compensation of such external auditor;
3. the TerraVest Group's compliance with legal and regulatory requirements; and
4. risk management, management information systems, governmental legislation and external business of the TerraVest Group.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to determine that the TerraVest Group's financial statements are complete, accurate and in accordance with generally accepted accounting principles applicable to publicly accountable enterprises or to certify the TerraVest Group's financial statements. Management is responsible for preparing the TerraVest Group's financial statements and the external auditor is responsible for auditing the annual financial statements. It is not the duty of the Committee to act as an internal auditor or to conduct investigations to assure the TerraVest Group's compliance with laws, regulations or TerraVest Group's policies. The Committee shall however, assist the Board in overseeing that management and the external auditor fulfill their responsibilities in the TerraVest Group's financial reporting process.

The Committee has the authority to obtain independent legal counsel and outside accounting and other advisors as deemed appropriate to perform its duties and responsibilities. The Corporation shall provide appropriate funding to compensate the external auditor and any advisors that the Committee chooses to engage. The Committee is authorized to communicate directly with the external auditor to discuss and review specific issues as necessary.

## **Responsibilities**

The Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in the following sections of this Charter. The Committee will report regularly to the Board as required, regarding the execution of its duties and responsibilities.

In fulfilling its mandate, the Committee shall:

### **A. *Internal and Disclosure Controls***

1. Review with the external auditor and management the effectiveness and integrity of the TerraVest Group's system of disclosure controls and system of internal controls regarding finance, accounting, compliance and ethics, that management, in consultation with the Board, has established.
2. Review an internal audit process and review any appointment or dismissal of senior internal audit personnel appointed in connection therewith.
3. Review the evaluation of internal controls by the external auditor with management and the subsequent follow-up to any identified weaknesses.
4. Review the appointment of the CFO or the entering into of any management contract or other arrangement pursuant to which the duties typically associated with such positions will be fulfilled.
5. Determine the appropriate resolution of conflicts of interest in respect of audit, finance and risk matters, properly directed to the Committee.
6. Review with management and the external auditor:
  - (a) in conjunction with the report of the external auditor, the TerraVest Group's audited annual financial statements, including related footnotes and MD&A of financial conditions and results of operations;
  - (b) the significant accounting judgments and reporting principles, practices and procedures applied by the TerraVest Group in preparing its financial statements including any newly adopted accounting policies;
  - (c) significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit;
  - (d) the co-operation given to the external auditor during the audit, including access to all requested records, data and information;
  - (e) any correspondence with regulatory or governmental authorities which raises material issues regarding the TerraVest Group's financial statements or accounting policies; and
  - (f) any other matters not described above that are required to be communicated by the external auditors to the Committee pursuant to applicable law and regulation.
7. Review with management, including any comments from the external auditors, the TerraVest Group's quarterly financial statements and related MD&A.
8. Obtain an explanation from management of all significant variances between comparative reporting periods. The Committee shall review all financial statements, both annual and interim, prior to their presentation to the Board for approval.

9. Review and recommend for approval by the Board all documents to be publicly disclosed, prior to their release, which contain audited or unaudited financial information. Such documents include any prospectuses, interim unaudited financial statements, year-end audited financial statements, the annual report, the annual proxy circular, the AIF, all news releases and disclosures made under MD&A.
10. Review with management the procedures that exist for the review of financial information extracted or derived from financial statements which is publicly disclosed by the TerraVest Group other than in the documents listed in section 9 above and periodically, at least annually, assess the adequacy of those procedures, as required by National Instrument 52-110 – Audit Committees (“**NI 52-110**”), section 2.3.
11. Review with management and the external auditor all off-balance sheet financing mechanisms being used by the TerraVest Group, their risks and the clear disclosure of those risks and all other material financial risks to the TerraVest Group's business.
12. Review with the CFO and the CEO (or their management equivalents) their respective disclosures made to the Committee during the certification process as required by National Instrument 52-109, including:
  - (a) any significant deficiencies or material weaknesses in the design or operation of internal controls;
  - (b) any fraud involving management or other employees who have a significant role in the TerraVest Group's internal controls;
  - (c) any other obligations arising from certification; and
  - (d) any significant changes in the internal controls.
13. Review with management and the external auditor the TerraVest Group's Code of Business Conduct and Ethics, and report to the Board and G&NC, as appropriate, in respect thereof.
14. Establish and maintain procedures for:
  - (a) the receipt, retention and treatment of complaints received by the TerraVest Group regarding the TerraVest Group's accounting, internal accounting controls or auditing matters; and
  - (b) the confidential and anonymous submission by TerraVest Group employees of concerns regarding questionable accounting or auditing matters, and review all matters relating thereto.
15. Review with management the details of all transactions between the TerraVest Group and parties related to the TerraVest Group.

***B. Oversight of the External Auditor***

1. Recommend to the Board and to the shareholders the nomination of the external auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the TerraVest Group.
2. Review the qualifications and independence of the external auditor during the year.
3. Maintain a clear understanding with the external auditor that it is to have an open and transparent relationship with the Committee and that it is to report directly to the Committee.
4. Provide a scheduled opportunity to meet with the external auditor for full, frank and timely discussions of all material issues, without management present.
5. Discuss with the external auditor the scope and timing of the audit work with particular reference to high risk areas or areas of concern to the Board.
6. Inquire as to whether the audit partner receives compensation based on the audit partner procuring engagements to provide services other than audit, review or attestation services to the TerraVest Group.
7. Review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102 on a routine basis, whether or not there is to be a change of external auditor.

8. Review all issues and documentation related to a change of external auditor, including information to be included in the Change of Auditor Notice and documentation called for under National Instrument 51-102 and the planned steps for an orderly transition period.
9. Appropriately supervise and evaluate the performance of the external auditor and lead audit partner, and report conclusions to the Board.
10. Review and approve the TerraVest Group's hiring policies regarding partners, employees, former partners and former employees of the current and previous external auditors of the TerraVest Group.
11. Oversee the rotation of audit partners as required by applicable regulation and, in order to ensure continuing auditor independence, consider annually whether it is appropriate to adopt a policy of rotating the TerraVest Group's external auditing firm on a regular basis.
12. Pre-approve the nature of, and fees for, all audit, review, attestation and non-audit services provided by the external auditor, prior to engagement, subject to the de minimis exemption contained in section 2.4 of NI 52-110 and disclose such pre-approvals in accordance with applicable securities law.
13. Consider the effect of significant non-audit engagements on the independence of the external auditor.
14. Provide to the external auditor any information and explanations, and access to records, documents, books, accounts and vouchers of the TerraVest Group and any related entities that are, in the opinion of the external auditor, necessary to make the examinations and reports required under legislation or regulation.

***C. Oversight of Financial Reporting and Accounting Policies***

1. Review with management and the external auditor significant financial reporting issues arising during the fiscal period and the methods of resolution.
2. Prior to the issuance of the external auditor's report on the TerraVest Group's financial statements, discuss the following with the external auditor:
  - (a) all critical accounting policies and practices applied in the financial statements;
  - (b) all alternative accounting and disclosure treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternate treatments and disclosures, and the treatment preferred by the external auditor; and
  - (c) other material written communications between the external auditor and management, such as the post audit or management letter and schedule of unadjusted differences.
3. Inquire of the external auditor as to the quality of the TerraVest Group's accounting estimates, discussing significant judgments made in connection with the preparation of the financial statements.
4. Review with management any proposed changes in major accounting policies, the impact and clear disclosure of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting.
5. Prepare such reports and letters or other disclosure documents as are required to be prepared by the Committee under applicable securities legislation.
6. Review any notice received by the Committee with respect to an error or misstatement of which a Director or officer becomes aware.

***D. Additional Duties and Responsibilities***

1. Review risk assessments and risk management policies including the TerraVest Group's major financial and accounting risk exposures, the steps management has undertaken to control them, and the clear disclosure of such material risks as part of the TerraVest Group's continuous disclosure requirements.

2. Review the amount and terms of any insurance to be obtained or maintained by the TerraVest Group, including insurance with respect to potential liabilities incurred by the Directors or officers in the discharge of their duties and responsibilities.
3. Review any significant transaction outside the TerraVest Group's ordinary course of business.
4. Review all pending litigation involving the TerraVest Group on at least a quarterly basis.

***E. General***

1. The Committee shall review and assess annually the adequacy of this Charter and recommend any proposed changes to the G&NC for approval.
2. The Committee shall undertake reviews of the performance of the Committee and the Chair of the Committee on a basis consistent with the evaluation process established by the G&NC.
3. To fulfill its responsibilities and duties the Committee may:
  - (a) inspect any and all of the books, records and financial affairs of the TerraVest Group, its subsidiaries and affiliates; and
  - (b) meet with any executive or employee of the TerraVest Group with or without management to review such accounts, records and other matters as any member of the Committee considers necessary and appropriate.
4. The Committee shall review when deemed necessary by the Committee any of the financial affairs of the TerraVest Group, its subsidiaries or affiliates and make recommendations to the Board, to the external auditor, or to management, as appropriate.
5. The Committee shall report regularly to the Board through the Chair of the Committee or through such other person appointed by the Committee the conclusions reached and issues considered by the Committee.
6. The Committee shall perform any other activities consistent with this Charter as the Committee deems necessary or appropriate in order to carry out its mandate.

**Composition of the Committee**

1. The Committee shall be comprised of at least three Directors.
2. Each member of the Committee shall be "independent", "outside" and "unrelated" (collectively, "independent"), as affirmatively determined by the Board, which, for the purposes of this Charter shall mean:
  - (a) a Director who is independent of management and is free from any interest in any business or other relationship which could, or could reasonably be perceived to materially interfere with the Director's ability to act with a view to the best interests of the TerraVest Group, other than interests and relationships arising from shareholdings;

- (b) a Director who has no direct or indirect material relationship with the TerraVest Group (a material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Director's independent judgment), including any relationship explicitly considered to be material under NI 52-110 and any other applicable Canadian law or regulation;
  - (c) other than as a member of the Committee, the Board, any other committee of the Board or the board of a portfolio company, a Director who does not and has not accepted any consulting, advisory or compensatory fee from the TerraVest Group; and
  - (d) a Director who is not an "affiliated person" of the TerraVest Group or any subsidiary thereof within the meaning of applicable Canadian law and regulation.
3. The Directors shall appoint the members of the Committee at the first meeting of the Directors following each annual meeting ("**Annual Meeting**") of the shareholders of the Corporation.
  4. The Directors shall appoint one member of the Committee to be the Chair of the Committee.
  5. A Director appointed by the Directors to the Committee shall be a member of the Committee until the next Annual Meeting or until his or her earlier resignation or removal by the Directors. A member shall cease to be a member of the Committee upon ceasing to be a Director of the Corporation.
  6. The Directors may remove or replace any member of the Committee at any time.
  7. The Corporate Secretary of the Corporation or, in the alternative, one of the members chosen by the Committee shall be the Secretary of the Committee.
  8. Members of the Committee may not serve on the audit committee of more than two additional public companies without the prior approval of the Directors.
    - (a) Each member of the Committee shall be financially literate. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the TerraVest Group's financial statements.
    - (b) A Committee member who is not financially literate may be appointed to the Committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment.

#### **Meetings of the Committee**

1. The Committee shall convene at such times and places designated by the Chair of the Committee, at least on a quarterly basis, and whenever a meeting is requested by the Directors, a member of the Committee, the external auditor, or a senior officer of the TerraVest Group. The Committee shall meet in separate sessions with management and the external auditor at each regularly scheduled meeting.
2. Notice of each meeting of the Committee shall be given to each member and to the external auditor, who shall be entitled to attend each meeting of the Committee.
3. Notice of a meeting of the Committee shall:
  - (a) be in writing (which may be communicated by electronic facsimile or other communication facilities);
  - (b) state the nature of the business to be transacted at the meeting in reasonable detail;
  - (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
  - (d) be given at least 24 hours preceding the time stipulated for the meeting.

4. A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee.
5. A member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at that meeting.
6. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting and the members shall choose one of the persons present to be the Secretary of the meeting.
7. Management of the TerraVest Group may attend meetings of the Committee as deemed appropriate by the Committee, and shall attend meetings of the Committee when requested to do so by the Committee.
8. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and Secretary of the meeting. The minutes shall be maintained with the TerraVest Group's records, shall include copies of all resolutions passed at each meeting, and shall be available for review by members of the Committee, the Directors, management and the external auditor.