ENTERPRISE GROUP, INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED
DECEMBER 31, 2023

Dated: March 7, 2024

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FORWARD LOOKING STATEMENTS

Certain statements contained in this Annual Information Form are forward-looking statements or forward-looking information within the meaning of applicable securities laws. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this Annual Information Form.

In particular, this Annual Information Form contains forward-looking statements pertaining to the following:

- the Corporation's business objectives and strategies;
- results of operations and industry conditions;
- operational activity levels and seasonality;
- the Corporation's customer base and continuing demand from customers for the services the Corporation provides;
- trends in the oil and gas industry and the construction industry that affect demand for the Corporation's services;
- realization of the anticipated benefits of past acquisitions; and
- expansion and growth of the Corporation's business and operations.

With respect to forward looking statements contained in this Annual Information Form, the Corporation has made assumptions regarding, among other things:

- competitive conditions in the energy services and construction industries;
- no significant disruption of the Corporation's operations such as may result from harsh weather, natural disaster, pandemic, accident or other calamitous event;
- no significant unexpected technological or commercial difficulties that adversely affect the Corporation's operating activities;
- continuing demand for the Corporation's services and the pricing of such services;
- interest rates, exchange rates and the price of oil and natural gas;
- operating and capital costs;
- the Corporation's ability to generate sufficient cash flow from operations or to obtain sufficient financing to satisfy its future obligations;
- availability and deployment of specialized equipment;
- the protection of intellectual property rights;
- the Corporation entering into definitive agreements and obtaining all consents and approvals required to complete proposed transactions;
- the Corporation's ability to attract and retain qualified personnel; and
- stability of general domestic and global economic, market and business conditions.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and described in further detail under the heading "Risk Factors" in this Annual Information Form:

- the impact of industry conditions and general economic conditions;
- volatility of oil and gas prices and stock market volatility;
- risks inherent in the Corporation's ability to generate sufficient cash flow from operations to meet its current and future obligations;
- reliance on management and key personnel;
- the availability of credit facilities and access to additional financing;
- the level of capital expenditures by oil and gas producers and explorers;
- risks relating to the effective management of the Corporation's growth;
- the impact of seasonal factors that affect operations;
- environmental risks associated with the Corporation's operations;
- the competitive nature of the industries in which the Corporation operates;
- competition for, among other things, capital, acquisitions and skilled personnel;
- incorrect assessments of the value of acquisitions;
- imprecision in estimating capital expenditures and operating expenses;
- fluctuations in interest rates and stock market volatility;
- the impact of new laws and regulatory requirements;
- risks relating to the Corporation's ability to operate without infringing on the intellectual property rights of others or having third parties circumvent intellectual property rights owned or licensed by the Corporation;
- the results of litigation or regulatory proceedings that may be brought against the Corporation; and
- failure to complete and realize the anticipated benefits of acquisitions.

The foregoing list of factors is not exhaustive. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

CURRENCY

Unless otherwise indicated, all dollar amounts set forth in this Annual Information Form are in Canadian dollars.

ENTERPRISE GROUP, INC.

ANNUAL INFORMATION FORM
For the Year Ended December 31, 2023

CORPORATE STRUCTURE

Name, Address and Incorporation

Enterprise Group, Inc. (the "**Corporation**" or "**Enterprise**") was incorporated on March 23, 2004 pursuant to the provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**") under the name "Enterprise Oil Limited". On May 13, 2004, the Corporation amended its Articles of Incorporation to provide for the issuance of common shares ("**Common Shares**") and preference shares, issuable in series, to convert outstanding shares into Common Shares, to cancel authorized but unissued shares and to remove "private issuer" restrictions. The Corporation changed its name to "Enterprise Oilfield Group, Inc." on May 23, 2007 and on July 24, 2012 to "Enterprise Group, Inc." On July 9, 2014, the Corporation amended its articles to permit meetings of shareholders to be held in any location in any Province of Canada. On June 24, 2015, the Corporation amended its articles to consolidate the share capital on the basis of one (1) post-consolidation Common Share for each three (3) pre-consolidation Common Shares.

The head office of the Corporation is located at Suite #2, 64 Riel Drive, St. Albert, Alberta T8N 4A4 and the registered and records office of the Corporation is located at 1900, 520 - 3rd Avenue S.W., Calgary, Alberta T2P 0R3.

Intercorporate Relationships

The following table lists the Corporation's material subsidiaries and their place of incorporation, continuance or organization, as the case may be, as at December 31, 2023. All of the following companies are 100% beneficially owned or controlled or directed, directly or indirectly, by the Corporation.

Name	**Jurisdiction**
Subsidiary of Enterprise Group, Inc.	
E One Limited	Alberta
Subsidiary of E One Limited	
Artic Therm International Ltd.	Alberta
Hart Oilfield Rentals Ltd.	Alberta
Westar Oilfield Rentals Inc.	British Columbia
Evolution Power Projects Inc.	Alberta

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2021

The Corporation's business was impacted by weakness in the energy industry, compounded by the COVID-19 pandemic, throughout 2021. Enterprise's customers modified their behaviours and requirements due to

COVID-19. Accordingly, Enterprise has updated and modernized its systems and processes to be effectively used in a cloud computing environment. The Corporation's fleet tracking, business intelligence and finance systems were all modernized and, as a result, Enterprise was able to work effectively and adapt to COVID-19 protocols with respect to the workplace, social distancing and working remotely.

In September 2021, Enterprise announced that it had entered into a senior secured credit facility with Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. The facility is comprised of a $30 million revolving line of credit, bears interest at 10% per annum, is secured by a first charge on assets, and is subject to certain borrowing restrictions. The facility became available effective September 7, 2021 and has a term of three years with an option to extend for an additional 12 months. An initial draw of $10.8 million was used to close Enterprise's existing credit facility with another lender and to cover working capital during the transition between credit facilities.

During 2021, the Corporation right-sized and modernized its equipment fleet to meet customer demands. Enterprise purchased and sold equipment with an emphasis on increasing its fleet of natural gas power generation equipment and upgrading the energy efficiency of existing equipment.

2022

In January 2022, Enterprise announced the beginning of a two year support services agreement with a global Tier One client. The agreement expands the range of services Enterprise provides to the client to include involvement in initial site planning, drilling and critical water management support.

On February 1, 2022, Enterprise announced that it had entered into a supply and services contract with a second global Tier One client. The length of the comprehensive services agreement is two years. Enterprise will provide infrastructure and planning services related to drilling, completions, facilities and production operations to this global client.

On February 28, 2022, Enterprise announced that it had acquired a third new Tier One client, adding to its growing group of over 20 Tier One clients and several other resource clients of varying capacities. Enterprise's approach to providing environmentally responsible power systems and generators to all manner of industrial clients has increased and has enabled it to attract additional Tier One clients.

In April 2022, Enterprise Group officially launched a new wholly-owned subsidiary, Evolution Power Projects Inc. ("**Evolution Power**"). Evolution Power is the leading provider of low emission, mobile power systems and associated surface infrastructure to the energy, resource and industrial sectors. The subsidiary's highly innovative methods are delivering to its clients low emission natural gas powered systems and micro-grid technology, allowing clients to eliminate diesel entirely. Evolution Power's systems are equipped to deliver real-time emission metrics providing its clients the assurances necessary for them to accomplish their ESG performance and reporting objectives.

2023

In January 2023, the Corporation announced that its common shares began trading on the OTC QB Venture Market under the ticker symbol ETOLF.

In January 2023, the Corporation announced that its subsidiary, Artic Therm International Ltd. was awarded a project to assist in the protective coating application process of a significant section of the Coastal Gas Link Pipeline connecting N.E. British Columbia to the LNG Canada facility in Kitimat, BC.

On September 29, 2023, the Corporation made changes to its bank loan facility. The term was extended by one year to September 30, 2025. In addition, the interest rate changed to 10.5% and prepayment penalties were removed.

During 2023, the Corporation announced that Evolution Power commenced new business relationships with multiple Tier One oil and gas producers to provide natural gas power generation systems. Evolution Power's natural gas power generation systems enhance the client's operational activities and support their commitment to reducing the environmental impact of their operations.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

The Corporation is an equipment rental and construction services company operating in the energy and construction industries. The Corporation's focus is specialty equipment rentals. With corporate headquarters in St. Albert, Alberta, Canada, a sales office in Calgary, Alberta and construction offices in Morinville, Edmonton, Drayton Valley, Fort McMurray, Whitecourt and Grande Prairie, Alberta, and Pouce Coupe and Fort St. John, British Columbia, Enterprise is strategically located near its customers. The Corporation's strategy is to acquire complementary service companies in Western Canada, consolidating capital, management and human resources to support continued growth.

Operations

Artic Therm

Artic Therm International Ltd. ("**Artic Therm**") is a subsidiary of the Corporation that is an industry leader in providing flameless heat technology to the broad based construction and oil and gas industries in Western Canada. Artic Therm's principal office is located in Morinville, Alberta and it has a seasonal office in Fort McMurray, Alberta. Artic Therm has a fleet of over 200 flameless heaters ranging in heat output from 375,000 British Thermal Units ("**BTUs**") to 3,300,000 BTUs. Artic Therm operates two classes of flameless heaters; the rental class units which are pull behind trailer mounted units ranging from 375,000 BTU to 1.2 million BTU. This rental class is utilized by broad based construction, oil and gas development and plant shut-down activities. The largest flameless heaters are the project class units which employ the patented features that separate these units from the competitive field. The project class units range from 1.2 million BTU to 3.3 million BTU and employ blower technology that can produce up to 15,000 cubic feet per minute. The project units are operated by expert crews. Although these units were purpose built for pipeline thermal expansion, they are well suited for many other applications, such as large vessel drying or de-humidifying, plant and facility shut-downs, storage tank shut-downs, curing of coatings and large scale emergency thawing.

Hart Oilfield Rentals

Hart Oilfield Rentals Ltd. ("**Hart**") is a subsidiary of the Corporation that is a full service oilfield site service infrastructure company providing oilfield infrastructure site services and rentals to its oil and gas customers operating within the Western Canadian Sedimentary Basin. Hart's rental fleet includes patented and patent-pending highly efficient modular designs which provide its competitive advantage. Hart designs, manufactures and assembles its modular/combo equipment (including fuel, generator, light stand, sewage treatment, medic security and truck trailer combos), or when required, subcontracts manufacturing to local suppliers. Hart's broad conventional and modular/combo rental equipment fleet consists of over 2,000 pieces of equipment designed to provide "one-stop" on-site infrastructure in support of drilling and completion operations.

Hart's principal office is located in Drayton Valley, Alberta where it operates from office and yard space used for storage of rental equipment as well as for manufacturing, repairs and maintenance of the equipment fleet. Hart services highly active plays of west central Alberta and northeast British Columbia, including Cardium, Duvernay, Montney and the Deep Basin from four service locations in Alberta (Drayton Valley, Whitecourt and Grande Prairie) where it maintains office and yard facilities.

Westar Oilfield Rentals Inc.

Westar Oilfield Rentals Inc. ("**Westar**") is a subsidiary of the Corporation that provides infrastructure site services and rentals. Westar is a highly-regarded full service oilfield site infrastructure company that fulfills multiple equipment rental needs for a variety of oil and gas customers, servicing the Fort St. John area with more than 600 pieces of owned equipment. Westar provides Enterprise with a presence in Fort St. John, a critical area in the development of Western Canada's LNG industry.

Evolution Power Projects Inc.

Evolution Power Projects Inc. is a subsidiary of the Corporation that provides low emission, mobile power systems and associated surface infrastructure to the energy, resource and industrial sectors. Evolution Power employs a fleet of turbine and compression engine power plants along with micro grid transmission infrastructure. Evolution Power supports client operations in British Columbia and Alberta.

Facilities and Equipment

The Corporation's head office is located in leased premises at Suite #2, 64 Riel Drive, St. Albert, Alberta, a short distance from the City of Edmonton. Management of the Corporation, including approximately 10 full time staff, is located at the St. Albert office.

The Corporation has field offices throughout Central and Northern Alberta in the municipalities of Morinville, Drayton Valley, Whitecourt and Grande Prairie. In addition, the Corporation has field offices in Northeastern British Columbia in the municipalities of Pouce Coupe and Fort St. John. The field offices each typically consist of an office, shop and storage yard. The total number of employees at all field offices is approximately 90. The Corporation leases all of these properties.

The Corporation owns 12.29 acres of full serviced secure property located in west Edmonton's Acheson Industrial Park. In addition, the Corporation owns an office, shop and yard on 1.6 acres in Morinville, Alberta.

The Corporation owns an extensive fleet of modern equipment. The Corporation owns in excess of 3,000 pieces of equipment including transport vehicles (transport trucks and trailers), pickup trucks, rental inventory and mobile flameless heating units.

Credit Facility

The Corporation has a senior secured credit facility (the "**Credit Facility**") with Waygar Capital Inc. (the "**Lender**" or "**Waygar**"), as agent for Ninepoint Canadian Senior Debt Master Fund L.P. pursuant to an Loan Agreement among the Corporation and Waygar dated September 7, 2021, as amended (the "**Credit Agreement**"). The Credit Facility provides for a maximum loan amount of up to $30,000,000 and an interest rate of 10.5% per annum. The availability of advances pursuant to the Credit Facility is subject to aggregate outstanding advances not exceeding the Corporation's borrowing base, which is calculated based on a percentage of the value of the Corporation's eligible accounts and eligible equipment. The Credit Facility is secured by a first charge on all the assets of the Corporation and its subsidiaries, except those secured with other lenders. Under the Credit Facility, all subsidiaries of the Corporation are guarantors. The maturity date is September 30, 2025.

Under the Credit Facility, the Corporation is subject to restrictive covenants relating to the incurrence of additional indebtedness, mergers and acquisitions, asset dispositions, payment of dividends, repayment of subordinate debt, share repurchases and other customary matters. In addition, the Corporation is subject to the following three financial covenants:

- The Corporation shall maintain in each quarter revenue of not less than eighty percent (80%) of the Lender-approved forecasted/budgeted level, to be tested on a quarterly basis as at the end of each fiscal quarter, on a trailing twelve (12) month basis, in each case, as against the forecast or budget provided to Lender in accordance with the terms hereof.

- The Corporation shall maintain in each quarter EBITDA of not less than eighty percent (80%) of the Lender-approved forecasted/budgeted level, to be tested on a quarterly basis as at the end of each fiscal quarter, on a trailing twelve (12) month basis, in each case, as against the forecast or budget provided to Lender.

- The Corporation shall maintain a Tangible Net Worth of not less than $10 million, to be tested on a quarterly basis as at the end of each fiscal quarter.

For reference, “EBITDA” is defined in the Credit Facility to mean, for any period, (a) the net income (loss) for such period (other than any net income (loss) attributed to discontinued operations), plus interest expense, unrealized foreign exchange losses, income tax expense, amortization expense, depreciation expense, the loss (gain) on disposal of any property, plant and equipment, fair value adjustments, impairment losses and share-based payments, and extraordinary non-cash and non-recurring items which have been agreed to by Lender in writing, minus (b) unrealized foreign exchange gains, for such period, determined in accordance with GAAP and to the extent included in the determination of such net income (loss).

In addition, “Tangible Net Worth” is defined in the Credit Facility to mean the aggregate amount of all contributed capital, retained earnings, contributed surplus and shareholder and other loans as agreed to by Lender and formally and unconditionally postponed and subordinated to the liabilities and obligations owing to Lender, on terms and conditions satisfactory to Lender, less any and all intangibles, goodwill arising on consolidation, prepaid expenses, deferred charges (including deferred taxes), net leasehold improvements, and investments in or advances to any shareholders or any subsidiary or affiliate of the Corporation or any of its officers, directors, employees or shareholders, determined in accordance with GAAP.

Marketing

The Corporation generates revenue by providing specialized equipment rentals and services to the energy and infrastructure industry sectors in Western Canada. The Corporation’s business units obtain contracts to complete projects through competitive bid processes or by promoting their services to a customer base that consists of oil and gas companies and engineering firms. Many of the Corporation’s customers are large, well established companies that have operations within the primary service areas covered by the Corporation’s business units. Due to the history and specialized nature of the Corporation’s business units, the business units have well established, long standing relationships with most of their current customers. In addition, the business units and senior management of the Corporation are constantly exploring new avenues and areas for growth, either through existing services to new customers in existing operating areas, expansion of existing services to new areas or by acquisition of similar or complementary service providers.

Marketing and sales for all the Corporation's business units are handled by senior business unit management and in-house representatives who are responsible for maintaining existing customer relationships and establishing new business relationships.

Economic Dependence

Management estimates that its largest ten customers accounted for 65.5% of revenue during the year ended December 31, 2023. Revenue concentration tends to result from some companies having more extensive operations in the Corporation's primary services areas, rather than being reliant on relationships with specific companies.

Competition

In Alberta, there are an estimated 90 or more rental companies operating as independents, franchise operations, manufacturer's rent-to-rent outlets, and specialty companies. With respect to the Corporation's flameless heat technology business through Artic Therm, the division competes with approximately 10 firms in its "dry rent" offerings up to 1 million BTU output while having little, if any, competition with its larger manned project units between 1.5 million and 3.3 million BTU output.

Hart Oilfield Rentals Ltd. operates in the well-site infrastructure and services business. Although there are more than two dozen companies offering equipment rentals that perform similar functions to some of the equipment Hart has, the Corporation believes no other competitor provides modular/combo units that are comparable to Hart's units. Hart's combo unit designs and the on-site options they offer customers are unique to the industry and subject to patent protection filings. In addition, none of Hart's competitors operate in all the areas that Hart services. Hart also provides oilfield site set-up infrastructure services in all of its service areas with a team of journeyman heavy duty mechanics, plumbers, certified scaffolders and service technicians, which the Corporation also believes gives Hart a competitive advantage in that it is able to respond to customer needs in a more timely fashion. Also, multiple pieces of combo equipment can be mounted on a transportation skid, thus saving customers transportation costs (which can be significant to remote sites) and labour activation/deactivation costs.

Westar Oilfield Rentals Inc. is located in Fort St. John in northeastern British Columbia. Westar's competition in the Fort St. John region is approximately five companies. Westar's equipment offerings and services are quite similar to that of Hart Oilfield Rentals. Westar provides on-site infrastructure equipment primarily to the drilling/completion and plant operations of energy producers in their region. Service technicians provide ongoing support keeping these locations operating even in the most adverse climate and weather conditions and transport vehicles service the disposal needs for sewage and refuse material.

Seasonality

The Corporation provides services to the oil and gas and construction industries. In general, the level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and the spring thaw can make the ground unstable. Consequently, municipalities and provincial transportation authorities enforce road bans that restrict movement of rigs and other heavy equipment, thereby reducing activity levels. Additionally, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the services of the Corporation.

Health and Safety

The Corporation's business has an inherent degree of risk due to the nature of the projects undertaken by the Corporation and the use of heavy equipment that requires specialized expertise. To mitigate this risk, the Corporation has incorporated comprehensive safety, environmental and loss management processes into its business activities. This commitment is demonstrated in its certified safety manual, which provides clear management expectations, detailing employee responsibilities and serving as a mechanism for ongoing stewardship and continuous improvement.

Environmental Protection

Enterprise's operations and the operations of its customers are subject to various federal, provincial and local laws and regulations relating to the environment. In particular, the oil and natural gas industry is subject to extensive environmental regulations pursuant to a variety of provincial and federal legislation. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. Compliance with such legislation can require significant expenditures and a breach of such requirements may result, amongst other consequences, in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties.

The Corporation operates from a number of properties in Alberta and British Columbia where it stores and maintains trucks and heavy equipment. In the event of contamination of properties while such properties are owned or occupied by Enterprise, Enterprise could also be exposed to direct claims for the costs for environmental clean-up.

In addition, if the Corporation, in the performance of its services at a customer's project site causes the escape of contaminants or environmental damage, it could be exposed to claims from its customers for site remediation or indemnification for any claims (whether made by the customer or a third party), arising out of such contamination or damage to the environment.

While management is not aware of any situation involving an environmental claim that would likely have a material impact on its operations, it is possible that an environmental claim with respect to one or more of the Corporation's current businesses or a business or property that one of its predecessors owned or used, could arise and could have an adverse impact on the affairs of the Corporation.

Regulatory Environment

The Corporation is subject to typical regulatory requirements for operating companies, including worker's compensation and the registration and licensing of heavy equipment.

RISK FACTORS

The following is a description of the principal risk factors relating to the Corporation and its business.

Volatility of Industry Conditions

The oilfield services business is directly affected by fluctuations in the levels of exploration, oil and natural gas development and production activity carried on by its customers, which in turn is dictated by numerous factors, including world energy prices and government policies. The demand, pricing and terms for oilfield services largely depend upon the level of industry activity for Canadian oil and natural gas exploration and development. Industry conditions are influenced by numerous factors over which the Corporation has no control, including: the level of oil and gas prices; expectations about future oil and gas prices; the cost of exploring for, producing and delivering oil and gas; the expected rates of declining current production; the discovery rates of new oil and gas reserves; available pipeline and other oil and gas transportation capacity; worldwide weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and gas companies to raise equity capital or debt financing.

The oil and gas service industry is highly reliant on the levels of capital expenditures made by oil and gas producers and explorers. Exploration and production companies base their capital expenditures on several factors, including but not limited to hydrocarbon prices, production levels and access to capital. In recent years, commodity prices, and therefore, the level of drilling, production and exploration activity have been volatile. Any prolonged, substantial reduction in commodity prices will likely affect the activity levels of the exploration and production companies and the demand for the Corporation's services. A significant, prolonged decline in commodity prices could have a material adverse effect on the oilfield services segment, results of operations and financial condition. The price of fuel, equipment and other input costs, insurance costs, interest rates, fluctuations in customers' business cycles and international, national and regional economic conditions are factors over which the Corporation has no control. A prolonged decline in commodity prices and field activity or significant increases in fuel prices, equipment prices, other input prices, interest rates or insurance costs, could reduce profitability.

Agreements with Customers

The business operations of the Corporation will depend, in part, on certain verbal, performance based agreements with its customer base that may be cancelled at any time by either the Corporation or its customers. The key factors which will determine whether a client continues to use the Corporation are service quality and availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, reputation for safety and competitive price. There can be no assurance that the Corporation's relationships with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Competition

The industry segments that the Corporation services are subject to changing industry standards, market fluctuations and competitive pressures which can, among other things, necessitate reduced profit margins. There are relatively few barriers to entry for companies wishing to offer one or a number of the services that the Corporation offers. The Corporation competes against several large companies that have significant financial resources. In addition, many of the services the Corporation provides are offered by smaller companies. The success of the Corporation will depend, in part, on its ability to achieve superiority in its services, methods and operations and to maintain such superiority relative to new entrants into the market. No assurance can be given that the Corporation will be able to meet demands or to make changes necessitated by developments made by competitors that might render services and operations of the Corporation less competitive. The future success of the Corporation will be influenced by its ability to continue to adapt its services and operating methods. Although the Corporation has committed resources to improve its services and operating methods, there can be no assurance that these efforts will increase profits.

Management and Employees

The industry segments that the Corporation services involve a substantial degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Shareholders must rely on the ability, expertise, judgment, direction and integrity of the management of the Corporation. Any loss of the services of key personnel could have a material adverse effect on the business and operations of the Corporation. This dependence can be expected to continue over the short and medium term as the Corporation's business expands and matures. The Corporation's ability to develop, market and sell its services and to maintain its competitive position depends on its ability to attract, retain and motivate highly skilled technical, sales and marketing and other personnel. There are a limited number of such people with the necessary technical skills and understanding, and competition for their services is intense. If the Corporation fails to recruit or retain these personnel, its ability to obtain new customers and provide an acceptable level of customer service could suffer.

Pandemics, Natural Disasters or other Unanticipated Events

The occurrence of pandemics, such as COVID-19; natural disasters, such as hurricanes, floods or earthquakes; or other unanticipated events, such as cyberattacks, fires, terrorist attacks or railway blockades, in any of the areas in which the Corporation, its customers or its suppliers operate could cause interruptions in the Corporation's operations. In addition, pandemics, natural disasters or other unanticipated events could negatively impact the demand for, and price of, oil and natural gas which in turn could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Access to Additional Financing

Additional capital resources may be required for the Corporation to carry on its business. If the Corporation requires additional financing, there is no assurance that it will be able to obtain additional financing on reasonable terms or at all. In the event that the Corporation raises additional capital through equity, existing shareholders may experience dilution in the net tangible book value per share. Similarly, there is no assurance that future revenues will be sufficient to generate the funds required to continue the Corporation's business development and marketing activities. If the Corporation does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Acquisitions and Development Risks

As part of the Corporation's business strategy, it may seek to grow by acquiring businesses that it believes will complement its current business. The Corporation may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel into its business. The Corporation cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any completed acquisitions will ultimately benefit its business and the results of operations of the Corporation. There is no certainty that appropriate acquisitions will be available, and future acquisitions could result in restructuring charges, potentially dilutive issuances of equity securities, the issuance of debt and amortization expenses related to acquired intangible assets, any of which would have an adverse effect on the financial condition and business of the Corporation and the market price of the Corporation's Common Shares. The risks inherent with acquisitions include the risks associated with the integration of acquired operations, technologies and products, diversion of management's attention and potential loss of key employees. The Corporation may not be able to successfully integrate products, technologies or personnel of acquired businesses in the future; which failure could have a material adverse effect on the business, financial condition and results of operations of the Corporation.

Management of Growth

The Corporation’s growth strategy will continue to place significant demands on its financial, operational and management resources. In order to continue its growth, the Corporation may need to add administrative, management and other personnel, and make additional investments in operations and systems. The Corporation cannot provide assurance that it will be able to find and train qualified personnel, or do so on a timely basis, or expand its operations and systems.

Wage Costs

The largest component of the Corporation’s overall expenses is salary, wages, benefits and payments to contractors. Any significant increase in these expenses could affect the financial results of the Corporation in the short term. The Corporation adjusts its rates to reflect changes in wage rates.

Fuel Costs

One of the Corporation’s most significant operating expenses is fuel and as such higher fuel prices could materially affect the Corporation’s financial results, on a short-term basis. The Corporation adjusts its rates as required to correspond with decreases or increases in the cost of fuel.

Operating Results

The Corporation may experience fluctuations in future quarterly operating results that may be caused by many factors, including: (i) changes in the level of marketing and other operating expenses to support future growth; (ii) competitive factors; (iii) the variability of commodity market prices; and (iv) the seasonal nature of the oilfield services business and the demand for certain equipment. Consequently, management of the Corporation believes that period-to-period comparisons of its operating results will not necessarily be meaningful and should not be relied upon as an indication of future performance. It is likely that the Corporation’s future quarterly operating results from time to time will not meet the expectations of securities analysts or investors, which may have a material adverse effect on the market price of the Common Shares.

Completion and Performance Risks

Under some contracts, failure to meet a project deadline may cause the Corporation to be held responsible for cost impacts to the client resulting from any delay. If a project fails to meet performance specifications, the Corporation would be exposed to the costs necessary to meet the performance specifications. The Corporation mitigates its exposure to these risks by subscribing for liability insurance. If the Corporation fails to meet completion performance obligations, the total costs of the project could exceed original estimates and could result in a loss to the Corporation for that project. In extreme cases, such situations could have a material negative impact on the operating results and financial position of the Corporation.

Estimating Costs/Assessing Contract Risks

The contract price for a significant number of contracts performed by the Corporation is based, in part, on cost estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with the contract, or estimates of the project costs may be in error resulting in a loss of or lower than anticipated profits. All significant cost estimates are reviewed by senior management prior to submission.

Sources, Pricing and Availability of Equipment and Equipment Parts

The Corporation sources its equipment and equipment parts from a variety of suppliers, most of whom are located in Canada and the United States. Should any suppliers be unable to provide the necessary equipment or parts or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services or in the time required to find new suppliers could have a material adverse effect of the Corporation's business, financial condition, results of operations and cash flows.

Oversupply of Equipment

Due to the long-life nature of oilfield service equipment and the sometimes long period of time from when a decision is made to build until the equipment is delivered, the amount of equipment in the industry does not always correlate to the level of demand for that equipment. Periods of high demand often result in increases in capital expenditures, which in turn may result in an oversupply of equipment. This potential capital overbuild may result in downward oilfield service pricing and reduced utilization across the industry which could materially impact the Corporation's business, results of operations, cash flows and financial condition.

Additionally, industry conditions may change resulting in a change in demand from a certain type of equipment to another. Recently built equipment that was purposely built for a certain industry condition or trend may be unable to work if that trend is interrupted due to changes in market conditions. This could have a material impact on the Corporation's ability to offer services to customers, which in turn could adversely affect the Corporation's business, results of operations, cash flows and financial condition.

No Long Term Rental Contracts

Enterprise's equipment rental division rents equipment to customers for a limited time rather than on a long-term contractual basis. This causes short-term variability in demand by customers. Customers requesting equipment may cancel, reduce or delay their order for a variety of reasons. This will affect the level and timing of orders placed and any resulting cancellations, reductions or delays in customer orders could negatively impact operating results.

Availability of Credit Facilities

The Corporation has a senior secured revolving credit facility with Waygar for up to a maximum of up to $30 million at a rate of 10.5% per annum. The facility is secured by a first charge on all the assets of the Corporation except those secured with other lenders. Any failure of the Corporation to repay or refinance the Credit Facility at its maturity date on acceptable terms or to comply with applicable covenants under such facility could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flow. There is no assurance that the Corporation will be able to refinance any or all of the Credit Facility at its maturity date on acceptable terms, or on any basis.

Leverage and Restrictive Covenants

The degree to which the Corporation is leveraged could have important consequences for shareholders including: (i) the Corporation's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) all or part of the Corporation's cash flow from operations may be dedicated to the payment of the principal of and interest on the Corporation's indebtedness, thereby reducing funds available for future operations or for dividends to shareholders; (iii) the Corporation's borrowings are at variable rates of interest, which exposes the Corporation to the risk of increased interest rates; and (iv) the Corporation may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. These factors could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's Credit Facility contains numerous covenants that limit the discretion of management of the Corporation with respect to certain business matters. These covenants will place restrictions on, among other things, the ability of the Corporation to create liens or other encumbrances, to pay dividends or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Credit Facility contains a number of financial covenants that will require the Corporation to meet certain financial condition tests. A failure to comply with the obligations in the Credit Facility could result in a default which, if not cured or waived, would permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Facility were to be accelerated, there can be no assurance that the assets of the Corporation would be sufficient to repay in full that indebtedness.

Interest Rate Risk

The Corporation's liabilities include long-term debt that is subject to fluctuations in interest rates. Any increase in market interest rates could have a material adverse impact on the Corporation's financial results or financial condition.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation is exposed to credit risk from customers. This risk is elevated in the current year similar to the prior year due to the impact of the current economy on its customers. The Corporation's maximum exposure is the value of its accounts receivable. However, to mitigate this risk the Corporation regularly reviews customer credit limits. The Corporation has accounts receivable from customers in the oil and gas industry, as well as the utilities and infrastructure industries. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Corporation monitors accounts receivable monthly to identify any amounts which are past due and considers if they are impaired. This assessment is done on an invoice by invoice basis.

Access to Surety Support

The Corporation may from time to time be required to provide surety bonds in connection with construction contracts. The Corporation's ability to obtain surety bonds depends primarily upon its capitalization, working capital, past performance, capability and continuity of management, as well as its current level of activity. The level of working capital required to maintain ongoing surety support is subject to negotiation and cannot be determined exactly. The overall capacity of the surety market and claims experience of sureties will have an influence on the pricing and availability of bonds. There is no assurance that the Corporation will have access to surety support on favourable or commercially reasonable terms or at all for all the contracts it would like to pursue. The Corporation's agreements with its surety company are on industry standard terms.

Share Price Volatility

Factors such as announcements of quarterly variations in operating results, or new initiatives or contracts by competitors or clients of the Corporation, as well as market conditions in the oil and gas industry generally, may have a significant impact on the market price of the Common Shares. The stock market and the commodities market have from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operations of particular companies. In addition, there can be no assurance that an active public market will develop or be sustained for the Common Shares. The market price of the Common Shares could be subject to significant fluctuations in response to quarterly variations and operating results of the Corporation, announcements of innovations or new contracts by the Corporation or its competitors or clients, changes in financial estimates by securities analysts or other events or factors, many of which will be beyond the Corporation's control.

Operating Risk and Liability Insurance

The Corporation faces an inherent risk of exposure to service liability claims in the event that the use of its services results in losses to its customer. The Corporation's operations are subject to common hazards of oilfield and construction services. A casualty could result in the loss of life or equipment, as well as injury or property damage. Although the Corporation believes it has sufficient liability insurance coverage in accordance with the standards of its industry, such coverage is subject to standard limitations and exclusions. Such liability claims could have a material adverse effect on the Corporation. The successful assertion or settlement of any uninsured claim, a significant number of insured claims or a claim exceeding the Corporation's insurance coverage could have a material adverse effect on the Corporation. In addition, there may be risks against which the Corporation cannot insure or against which it chooses not to insure due to prohibitive costs.

Environmental Liability

The majority of the Corporation's operations do not involve dealings with natural gas, oil or petroleum products. Certain operations may require direct interaction with these materials. The Corporation develops procedures for dealing with these products. However, there is no assurance that these procedures will prevent environmental damage from occurring from spills of materials handled by the Corporation or that other spills will not occur during the course of the Corporation's operations. If such spills occur, the Corporation may be subject to environmental laws that could require the Corporation to remove the wastes or remediate the sites where they have been released which may result in substantial costs to the Corporation. To date, the Corporation is not aware of any material environmental issues or spills in relation to its operations.

Intellectual Property

The Corporation relies on patent laws to protect certain intellectual property. There is no assurance that: (a) any of the patents owned by the Corporation or other patents that third parties license to the Corporation will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others; or (b) any of the Corporation's pending or future patent applications will be issued with the breadth of claim coverage sought by the Corporation, if issued at all. In addition, effective patent protection may be unavailable, limited or not applied for in certain countries.

The Corporation may become subject to lawsuits in which it is alleged that the Corporation has infringed the intellectual property rights of others or commence lawsuits against others whom the Corporation believes are infringing upon the Corporation's rights. Involvement in such intellectual property litigation could result in significant expense, adversely affecting the sale of services that incorporate the challenged process or intellectual property and diverting the efforts of management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (a) pay substantial damages; cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (b) expend significant resources to develop or acquire non-infringing intellectual property; (c) discontinue processes incorporating infringing technology; or (d) obtain licences to the infringing intellectual property. The Corporation may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial results.

The Corporation also seeks to protect its intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with strategic partners and employees. No assurance can be provided that these agreements will not be breached, that the Corporation will have adequate remedies for any breach or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

DIVIDENDS

The Corporation has not paid any dividends to date and the Corporation has not yet established a dividend policy. The ability of the Corporation to pay dividends is restricted by applicable corporate laws and contractual restrictions pursuant to the Credit Agreement.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at December 31, 2023, 49,687,374 Common Shares and no preferred shares of the Corporation were issued and outstanding.

The Common Shares rank junior to the preferred shares. The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors of the Corporation, to one vote per share at meetings of the shareholders of the Corporation and, upon dissolution, to receive pro rata the remaining property of the Corporation, subject to the rights of shares having priority over the Common Shares.

The preferred shares are issuable from time to time in one or more series and will have such rights, restrictions, conditions and limitations as the board of directors of the Corporation may from time to time determine. The preferred shares shall rank senior to the Common Shares and the shares of any other class ranking junior to the preferred shares with respect to the payment of dividends or distribution of assets or return of capital of the Corporation in the event of a dissolution, liquidation or winding up of the Corporation.

MARKET FOR SECURITIES

The Corporation's Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "E". The following table sets out the trading ranges (based on daily closing prices) and volumes of the Common Shares during the year ended December 31, 2023:

		Price ($)		
		High	Low	Volume
2023	January	0.40	0.375	740,273
	February	0.40	0.355	636,029
	March	0.405	0.36	766,913
	April	0.42	0.395	835,003
	May	0.475	0.405	1,821,354
	June	0.46	0.43	397,892
	July	0.46	0.40	455,712
	August	0.46	0.44	385,616
	September	0.60	0.44	802,833
	October	0.63	0.53	690,725
	November	0.75	0.65	1,782,326
	December	0.80	0.72	589,743

PRIOR SALES

The Corporation did not issue any securities that are not listed or quoted on a marketplace during the financial year ended December 31, 2023.

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with the Corporation and the principal occupations of the directors and officers of the Corporation are set out below.

Name and Municipality of Residence	**Position Presently Held(4)**	**Principal Occupation for the Past 5 Years**
Leonard D. Jaroszuk(3) St. Albert, AB Canada	President, Chief Executive Officer and Director since 2004	President and Chief Executive Officer of the Corporation since 2004.
Desmond O'Kell St. Albert, AB Canada	Senior Vice President and Director since 2011	Senior Vice President of the Corporation since 2005.
Neil Darling (1)(2)(3) Calgary, AB Canada	Director since 2015	President and founder of Ramdar Resource Management Ltd., a wellsite management services company, since 1994.
John Pinsent (1)(2) Edmonton, AB Canada	Director since 2012	Chartered Professional Accountant. Founding Partner with St. Arnaud Pinsent Steman Chartered Professional Accountants.

Name and Municipality of Residence	Position Presently Held[(4)]	Principal Occupation for the Past 5 Years
John Campbell[(1)(2)(3)] Richmond, BC Canada	Director since 2014	Chairman of Triview Capital Ltd. from 2012 to present. President of Camlin Asset Management Ltd. from 2004 to present.
Warren Cabral St. Albert, AB Canada	Chief Financial Officer	Chief Financial Officer of the Corporation since 2013.

Notes:
(1) Member of the audit committee.
(2) Member of the compensation committee.
(3) Member of the corporate governance committee.
(4) The directors listed above will hold office until the next annual meeting of the Corporation or until their successors are elected or appointed.

As at the date hereof, the directors and officers of the Corporation, as a group, beneficially owned or controlled or directed, directly or indirectly, 20,458,766 Common Shares or approximately 41.1% of the issued and outstanding Common Shares of the Corporation.

Cease Trade Orders

To the knowledge of the Corporation, no director or officer of the Corporation is, or within the ten years prior to the date hereof, has been, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity: (i) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in the capacity of a director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of the Corporation, no director or officer of the Corporation or a shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation, is, or within the ten years prior to the date hereof, has been, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Corporation, no director or officer of the Corporation or a shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person’s assets.

Penalties or Sanctions

To the knowledge of the Corporation, no director or officer of the Corporation or a shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

AUDIT COMMITTEE MATTERS

Audit Committee Charter

The Corporation has established an audit committee (the "**Audit Committee**") to assist the board of directors of the Corporation in carrying out its oversight responsibilities with respect to financial reporting, internal controls and the external audit process of the Corporation. The Audit Committee Mandate is set out in Appendix A to this Annual Information Form.

Composition of the Audit Committee

The following table sets forth the name of each current member of the Audit Committee, whether such member is independent, whether such member is financially literate and the relevant education and experience of such member.

Name	Independent	Financially Literate	Relevant Education and Experience
John Pinsent	Yes	Yes	Mr. Pinsent is a Chartered Accountant. In 2004, he became a founding partner with St. Arnaud Pinsent Steman Chartered Accountants following a 10-year career with Ernst and Young LLP. Mr. Pinsent earned a BEd and BComm (AD) from the University of Alberta and has an ICD.D designation from the Institute of Corporate Directors. Mr. Pinsent sits on the board of directors of several other public and private companies.
Neil Darling	Yes	Yes	Mr. Darling is the President and founder of Ramdar Resource Management Ltd. since 1988. Ramdar is a leader in wellsite management, employing operational engineers, project managers and supervisors. Ramdar provides its services in Canada and Internationally, operating offshore and onshore wellsites.

Name	Independent	Financially Literate	Relevant Education and Experience
John Campbell	Yes	Yes	Mr. Campbell is a Chartered Accountant and a Chartered Financial Analyst. He earned his MBA at Simon Fraser University and has over three decades of experience as either a founder or co-founder of a number of Canadian based specialty asset management firms.

External Audit Service Fees

For the two most recent fiscal years, audit and audit related fees paid by the Corporation are as follows:

Item	2023(1)	2022
Audit Fees	$110,000	$105,413
Tax Fees	$21,000	$30,649
All Other Fees	$30,000	$14,200

Note:
(1) Audit fees and all other fees for 2023 are estimated.

CONFLICTS OF INTEREST

Certain directors and officers of the Corporation also serve as directors and officers of other corporations. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and are required to disclose any interest which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at any meeting of the board of directors of the Corporation, any director in a conflict must disclose his interest and abstain from voting on such a matter in accordance with the provisions of the ABCA.

LEGAL PROCEEDINGS

The Corporation is not or was not a party to, nor are or were any of the Corporation's assets subject to, any material legal proceedings since the beginning of the most recently completed financial year, nor to the Corporation's knowledge are any such proceedings contemplated.

Since incorporation, there have not been any penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation, and the Corporation has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors and officers of the Corporation, any shareholder who beneficially owns more than 10% of the Common Shares of the Corporation, or any known associate or affiliate of these persons in any transactions within the three most recently completed financial years or during the current financial year that has materially affected or would materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation's Common Shares is Odyssey Trust Company at its offices in Calgary, Alberta.

MATERIAL CONTRACTS

Material contracts entered into by the Corporation during the financial year ended December 31, 2023 or before that financial year that are still in effect other than contracts entered into in the ordinary course of business are as follows:

1. Credit Agreement as more particularly described under "*Narrative Description of the Business - Credit Facility*".

INTEREST OF EXPERTS

Grant Thornton LLP, Chartered Accountants, are the auditors of the Corporation and such firm has prepared an opinion with respect to the consolidated financial statements as at and for the fiscal year ended December 31, 2023. Grant Thornton LLP is independent of the Corporation in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information regarding the Corporation, including information with respect to directors' and officers' remuneration and indebtedness, principal shareholders, options to purchase securities, and interests of the insiders in material transactions, is contained in the Corporation's information circular for its most recent annual meeting of shareholders, and additional financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2023. **Additional information relating to the Corporation may be found on SEDAR at www.sedarplus.com.**

APPENDIX A
AUDIT COMMITTEE MANDATE

Adoption

The Board of Directors (the “**Board**”) of Enterprise Group, Inc. (the “**Company**”) adopted this Mandate by resolution dated March 23, 2007.

Policy Statement

1. It is the policy of the Company to establish and maintain an Audit Committee to assist the Board in carrying out their oversight responsibility for the Company’s accounting and financial reporting processes and audits of the Company’s financial statements, internal controls, financial reporting and risk management processes.

2. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support.

3. If determined necessary by the Audit Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts at the expense of the Company.

Composition

1. The Audit Committee shall consist of at least three Directors. The Board shall appoint the members of the Audit Committee. Every member of the Audit Committee must be a Director of the Company. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.

2. Unless there is an exemption from the following requirement available to the Company in Multilateral Instrument 52-110 of the Canadian Securities Administrators entitled “Audit Committees” (“MI 52-110”), each member appointed to the Audit Committee by the Board shall be independent (as such term is defined in MI 52-110).

3. Unless there is an exemption from the following requirement available to the Company in MI 52-110, each member of the Audit Committee shall be “financially literate” (as such term is defined in MI 52-110).

4. A member appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.

Meetings

1. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee, and whenever a meeting is requested by the Board, a member of the Audit Committee shall correspond with the review of the quarterly and annual financial statements of the Company and related management discussion and analysis.

2. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee and to the auditors, who shall be entitled to attend each meeting of the Audit Committee and shall attend whenever requested to do so by a member of the Audit Committee. However the Audit Committee (i) shall also meet with the external auditors independent of management at any time; and shall do so at least quarterly, (ii) may meet separately with management at any time; and (iii) may meet independent of both the external auditors and management at any time. Unless a specific request to the contrary is made by a member of the Audit Committee, it shall be presumed that the auditors will not attend meetings of the Audit Committee except for the meetings held to discuss the annual and quarterly financial statements of the Company which it shall be presumed that the auditors are to attend.

3. Notice of a meeting of the Audit Committee shall:

    a. be in writing;
    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 two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.

4. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee. However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.

5. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits 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 the meeting.

6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting.

7. In addition, the members of the Audit Committee shall choose one of the persons present, although not necessarily required to be an Audit Committee member, to be the Secretary of the meeting.

8. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting. Such minutes shall be filed with the Corporate Secretary of the Company at the earliest opportunity after each meeting.
9. A resolution in writing, signed by all of the members of the Audit Committee entitled to vote on that resolution at a meeting of the Audit Committee and filed with the Corporate Secretary of the Company, is valid as if it had been passed at a meeting of the Audit Committee.

10. The Audit Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

Relationship with External Auditor

1. An external auditor must report directly to the Audit Committee.

Responsibilities

1. The Audit Committee must have a written charter, such as this one, that sets out its mandate and responsibilities.

2. The Audit Committee must recommend to the Board:

    a. the external auditors to be nominated for the purpose of preparing or issuing and audit report or performing other audit, review or attest services or the Company; and
    b. the compensation of the external auditors.

3. The Audit Committee must be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditors regarding financial reporting.

4. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiary entities. The Audit Committee may satisfy the pre-approval requirement if:

a. the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the services are provided;
b. the services were not recognized by the Company at the time of the engagement to be non-audit services; and
c. the services are promptly brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by one or more members of the Audit Committee to whom authority to grant such approvals has been delegated by the Audit Committee.

5. The Audit Committee must review the Company's financial statements, management discussion and analysis and earnings press releases and make an appropriate recommendation to the Board before the Company publicly discloses this information.

6. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, other than the disclosure referred to in subsection (5), and must periodically assess the adequacy of those procedures.

7. The Audit Committee must establish procedures for:

   a. the receipt, retention and treatment of complaints received by the Company or its subsidiaries regarding accounting, internal accounting controls, or auditing matters; and
   b. the confidential, anonymous submission by employees of the Company and its subsidiaries of concerns regarding questionable accounting or auditing matters.

8. An Audit Committee must review and approve the hiring policies of the Company and its subsidiaries regarding partners, employees and former partners and employees of the present or former auditor of the Company or its subsidiaries.

Authority

1. The Audit Committee shall have the authority to:
   a. inspect any and all of the books and records of the Company and its subsidiaries;
   b. discuss with the management of the Company and its subsidiaries, with employees of the Company and its subsidiaries, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
   c. engage independent counsel and other advisors as it determines necessary to carry out its duties;
   d. to set and pay the compensation for any advisors employed by the Audit Committee; and
   e. to communicate directly with the internal and external auditors.

Specific Duties

1. The Audit Committee shall:
   a. review the audit plan with the Company's external auditors and with management;
   b. discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
   c. review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
   d. review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
   e. review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;

f. consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the integrity, adequacy and effectiveness of the internal financial controls of the Company and its subsidiaries and subsequent follow-up to any identified weaknesses;
g. review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods;
h. before release review with financial management and the external auditors the quarterly unaudited financial statements and management discussion and analysis and obtain an explanation from management of all the significant variances between comparative reporting periods;
i. before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, offering memorandums, annual reports, annual information forms, management discussion and analysis and press releases; and
j. oversee any of the financial affairs of the Company and its subsidiaries, and, if deemed appropriate, make recommendations to the Board, external auditors or management.

2. The Audit Committee shall:
   a. evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor or the discharge of the external auditor when circumstances are warranted;
   b. consider the recommendations of management in respect of the appointment of the external auditors;
   c. approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and consider the potential impact of such services on the independence of the external auditors;
   d. when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 of the Canadian Securities Administrators entitled "Continuous Disclosure Obligations" (or any successor legislation) as adopted by the relevant securities commissions in Canada and the planned steps for an orderly transition period; and
   e. review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

3. The Audit Committee shall:
   a. review with management at least annually, the financing strategy and plans of the Company and its subsidiaries; and
   b. review all securities offering documents (including documents incorporated therein by reference) of the Company.

4. The Audit Committee shall review the amount and terms of any insurance to be obtained or maintained by the Company and its subsidiaries with respect to risks inherent in its operations and potential liabilities incurred by the Directors, directors or officers thereof in the discharge of their duties and responsibilities.

5. The Audit Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.

6. The Audit Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Audit Committee by any member of the Board, a shareholder of the Company, the external auditors, or senior management.

7. The Audit Committee shall periodically review with management the need for an internal audit function.

8. The Audit Committee shall review with the Company's legal counsel as required but at least annually, any legal matter that could have a significant impact on the Company's financial statements, and any enquiries received from regulators, or government agencies.

9. The Audit Committee shall assess, on an annual basis, the adequacy of this Mandate and the performance of the Audit Committee.