



**Divestco**

**MANAGEMENT INFORMATION CIRCULAR**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD AT:**

**Centennial Place West Tower (3<sup>rd</sup> Floor)  
Foothills Room  
Calgary, Alberta, Canada  
Tuesday, June 19, 2018  
10:00 a.m. (MST)**

## DIVESTCO INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

#### TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the "**Meeting**") of the shareholders of DIVESTCO INC. ("**Divestco**" or the "**Corporation**") will be held at **Centennial Place West Tower (3<sup>rd</sup> Floor – Foothills Room), 250 – 5th Street SW**, Calgary, Alberta, on Tuesday, June 19, 2018, at **10:00** a.m. (MST), for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2017 and the auditor's report thereon;
2. to fix the number of members of the Board of Directors to be elected at the Meeting at six (6);
3. to elect nominees to the Board of Directors of Divestco;
4. to appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year at a remuneration to be fixed by the Board of Directors;
5. to approve the amended Stock Option Plan;
6. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

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

If you cannot attend the Meeting or any adjournment thereof in person you may vote by proxy, by telephone or over the internet (see page 6 and 7 for information).

Specific details of the matters to be addressed at the Meeting are set forth in the section entitled "Matters to be Acted Upon at the Meeting".

The Corporation is utilizing the notice-and-access mechanism that came into effect on February 11, 2013 under National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer*, for distribution of Meeting materials to shareholders who do not hold their Class A shares in their own names as registered shareholders ("**Beneficial Shareholders**").

Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to shareholders. Electronic copies of the Circular and the Corporation's 2017 Annual Report (containing the consolidated financial statements of the Corporation for the year ended December 31, 2017 and management's discussion and analysis of the Corporation for 2017) may be found in the Corporation's filings on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Corporation's website at <http://www.divestco.com/investor-relations/> under "Proxy Materials".

The Corporation anticipates that using notice-and-access for delivery to Beneficial Shareholders will directly benefit Divestco through a substantial reduction in both postage and material costs and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Beneficial Shareholders with questions about notice-and-access can call Divestco toll-free at +1 (888) 294-0081. Beneficial Shareholders may obtain paper copies of the Circular and the Corporation's 2017 Annual Report free of charge by contacting Divestco, or upon request to Divestco's Corporate Secretary.

A request for paper copies which are required in advance of the Meeting should be sent so that it is received by Divestco as applicable, by **Tuesday, June 12, 2018** in order to allow sufficient time for the Beneficial Shareholders to receive the paper copies and to return their voting instruction forms to intermediaries by their due date.

Beneficial Shareholders will receive a voting instruction form from intermediaries with this Notice of Meeting via prepaid mail, and they should follow the instructions for completion and delivery contained in the voting instruction form. Beneficial Shareholders are reminded to review the Circular before voting.

The Corporation will not be using notice-and-access for delivery to Registered Shareholders; they will receive paper copies of the Meeting materials via prepaid mail, including Divestco's form of proxy. Such Registered Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the form of proxy for use at the Meeting (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10 am Mountain Standard Time on June 15, 2018 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.

The Board of Directors has fixed the record date for the Meeting as the close of business on April 30, 2018. Only shareholders of the Corporation of record as at that date are entitled to receive notice of and to vote at the Meeting unless a shareholder transfers shares after the record date and the transferee of those shares establishes ownership of the shares and demands not later than the close of business 10 days before the Meeting that the transferee's name be included in the list of shareholders entitled to vote.

Dated as of the 7<sup>th</sup> day of May, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

*"Faralee A. Chanin"*

FARALEE A. CHANIN  
Secretary

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**DIVESTCO INC.  
MANAGEMENT INFORMATION CIRCULAR**

**GENERAL INFORMATION**

Divestco is utilizing the notice-and-access mechanism that came into effect on February 11, 2013 under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") for distribution of this Circular to shareholders who do not hold their Class A shares ("**Class A Shares**") in their own names as registered shareholders (referred to in this Circular as "**Beneficial Shareholders**"). Further information on notice-and-access, including how Beneficial Shareholders can obtain a paper copy of this Circular, is contained below under *Voting Information, Notice-and-Access*.

**Beneficial Shareholders should read the information under the headings "Advice to Beneficial Shareholders" and "Notice-and-Access" for an explanation of their rights.**

**Meeting**

This management information circular (the "**Circular**") is provided in regard to the solicitation of proxies by the Board of Directors and management of Divestco Inc. ("**Divestco**" or the "**Corporation**") for use at the Annual General and Special Meeting of Shareholders ("**AGM**") to be held on Tuesday, June 18, 2018 and at all adjournments of that meeting.

**Date of Information**

Information in this circular is as of May 7, 2018, unless otherwise noted (the "**Circular Date**").

**Dissemination of Meeting Material**

Divestco is using the Notice and Access provisions to deliver meeting materials to Beneficial Shareholders. Registered Shareholders (except those who asked not to receive meeting materials) will receive this Circular, a proxy and Divestco's 2017 management's discussion and analysis ("**MD&A**") and consolidated financial statements by mail.

**Registered and Beneficial Shareholders**

You are a registered shareholder if your shares are held in your name and you have a share certificate ("**Registered Shareholder**").

You are a Beneficial Shareholder if your shares are held in the name of a nominee. That is, your certificate was deposited with a bank, trust company, securities broker, trustee or other institution.

**Annual and Interim Reports**

If you are a Registered Shareholder, a copy of Divestco's 2017 MD&A and consolidated financial statements is included in this package, unless you asked not to receive it. If you (i) do not wish to receive Divestco's MD&A and consolidated financial statements next year; or, (ii) wish to receive Divestco's interim reports, please fill out and return the card enclosed with this package.

If you are a Beneficial Shareholder and you did not return the card sent out last year to request a copy, you will not receive 2017 MD&A and consolidated financial statements. If you wish to receive Divestco's annual or interim reports next year, please fill out and return the card enclosed with this package.

Divestco's MD&A and consolidated financial statements can be accessed at [www.divestco.com](http://www.divestco.com) or at [www.sedar.com](http://www.sedar.com) or you can request a copy as set out under Additional Information on page 24.

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

## VOTING INFORMATION

### Who is soliciting my proxy?

The management of the Corporation is soliciting your proxy for use at the Meeting. In connection with this solicitation, the management of the Corporation is providing you with this Circular. The Corporation will not be sending its proxy solicitation materials to non-objecting beneficial holders directly.

### How are proxies solicited?

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

### What will I be voting on?

Shareholders will be voting on:

- Fixing the number of members of the Board of Directors to be elected at the Meeting at four (4);
- Election of directors;
- Appointment of KPMG LLP as auditors;
- Approval of the amended Stock Option Plan;
- Other business, if any.

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

A majority of the votes cast, by proxy and in person, will constitute approval of matters at the Meeting. For a special resolution, 66 2/3% of the votes cast will constitute approval. There are no special resolutions being considered at the Meeting.

### Who counts the votes?

Proxies will be counted and tabulated by the Corporation's transfer agent, namely Computershare Trust Company of Canada.

### Will I receive materials if I am an Objecting Beneficial Owner ("OBO")?

The Corporation pays for intermediaries to send proxy-related materials to OBOs. It is your responsibility to make arrangements with your intermediary to exercise your voting rights.

### How many votes do I have?

You will have one vote for each Class A share you held at the close of business on April 30, 2018, the record date for the Meeting. The list of shareholders entitled to vote will be available for inspection after the record date, during usual business hours, at the offices of Computershare Trust Company of Canada, 600, 530 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3S8, and at the Meeting.

To vote Class A Shares you acquired after the record date, you must, not later than 10 days before the Meeting:

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

### How will my proxy be voted?

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

**If you have not specified a choice, your Class A Shares will be voted FOR the fixing of the number of members of the Board of Directors to be elected at the Meeting at six (6), FOR the election of the proposed nominees as Directors, FOR the appointment of KPMG LLP as auditors and FOR the approval of the amended Stock Option Plan.**

**Notice-and-Access**

As previously noted, the Corporation is utilizing the notice-and-access mechanism that came into effect on February 11, 2013 under NI 54-101 for distribution of this Circular to Beneficial Shareholders. The Corporation will not be using notice-and-access to send this Circular or other Meeting materials to Registered Shareholders.

Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to shareholders. Electronic copies of this Circular and the Corporation's 2017 Annual Report (containing the comparative consolidated financial statements of the Corporation for the year ended December 31, 2017 and management's discussion and analysis of the Corporation's results of operations and financial condition for 2017) may therefore be found in the Corporation's filings on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Corporation's website at <http://www.divestco.com/investor-relations/> under "Proxy Materials". **Beneficial Shareholders are reminded to review the Circular before voting.**

Although this Circular and the Corporation's 2017 Annual Report will be posted electronically on-line as noted above, Beneficial Shareholders will receive paper copies of a "notice package" via prepaid mail containing a Notice of Meeting with information prescribed by NI 54-101, voting instruction form, and supplemental mail list return card for Beneficial Shareholders to request they be included in the Corporation's supplementary mailing list for receipt of the Corporation's interim financial statements for the 2018 fiscal year.

The Corporation anticipates that notice-and-access will directly benefit the Corporation through a substantial reduction in both postage and material costs and also promotes environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Beneficial Shareholders with questions about notice-and-access can call the Corporation toll-free at +1 (888) 294-0081. Beneficial Shareholders may obtain paper copies of this Circular free of charge by contacting the Corporation or upon request to the Corporate Secretary.

A request for paper copies which are required in advance of the Meeting should be sent so that it is received by the Corporation, as applicable, by **Thursday, June 12, 2018** in order to allow sufficient time for the Beneficial Shareholder to receive the paper copies and to return the voting instruction form to intermediaries by its due date.

**Are there any Principal Shareholders?**

Based upon public filings, as of May 7, 2018, the following persons beneficially own, directly or indirectly, or exercise control or direction over more than ten percent (10%) of the issued and outstanding Class A Shares of the Corporation.

<b>Name of Shareholder</b>	<b>Number of Class A Shares Beneficially Owned, Controlled or Directed</b>	<b>Percentage of Outstanding Class A Shares Beneficially Owned or Controlled</b>
Stephen Popadynetz	<b>9,291,044</b>	<b>13.26%</b>
Wade Brillon	<b>8,494,107</b>	<b>12.12%</b>
Bruce Webster	<b>7,502,126</b>	<b>10.71%</b>

Note:

(1) Please refer to the table on page 9 of this Circular with respect to details of ownership of the directors.

To the knowledge of the Corporation's directors and executive officers, no other person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Class A Shares.

**How many shares are entitled to vote?**

The Corporation has an authorized capital consisting of an unlimited number of Class A Shares without nominal or par value of which **70,057,608** Class A Shares are issued and outstanding as of the close of business on the Circular Date.

**How do I vote?**

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

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

The Corporation does not know for whom the Class A Shares registered in the name of a bank, trust company, securities broker, trustee or other institution are held. Therefore, beneficial shareholders cannot be recognized by the Corporation at the Meeting unless their name has been inserted in the Voting Instruction Form. The Voting Instruction Form cannot be used as a proxy to vote shares directly at the Meeting.

**What is quorum for the Meeting?**

The by-laws of the Corporation provide that a quorum for the transaction of business at any meeting of shareholders shall be at least two (2) persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for any absent shareholder so entitled, and representing in the aggregate no less than five (5%) percent of the outstanding Class A Shares of the Corporation carrying voting rights at the Meeting.

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

The enclosed form of proxy gives the persons named on it authority to use their discretion in voting on amendments or variations to matters identified in the Notice.

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



## REGISTERED SHAREHOLDER AND BENEFICIAL SHAREHOLDER VOTING

REGISTERED SHAREHOLDER VOTING	BENEFICIAL SHAREHOLDER VOTING
<p>You are a registered shareholder if your shares are held in your name and you have a share certificate.</p>	<p>You are a beneficial shareholder if your shares are held in the name of a nominee. That is, your certificate was deposited with a bank, trust company, securities broker, trustee or other institution.</p>
<p><b>Voting Options</b></p> <ul style="list-style-type: none"> <li>● In person at the Meeting (see below);</li> <li>● By proxy (see below);</li> <li>● By telephone (see enclosed proxy); or</li> <li>● By internet (see enclosed proxy).</li> </ul>	<p><b>Voting Options</b></p> <ul style="list-style-type: none"> <li>● In person at the Meeting (see below);</li> <li>● By voting instruction form (see below);</li> <li>● By telephone (see voting instruction form); or</li> <li>● By internet (see voting instruction form).</li> </ul>
<p><b>Voting in Person</b></p> <p>If you plan to attend the AGM and wish to vote your shares in person, don't complete or return the enclosed proxy. Your vote will be taken and counted at the meeting. Please register with the transfer agent, Computershare Trust Company of Canada, when you arrive.</p> <p><b>Voting by Proxy</b></p> <p>Whether or not you attend the meeting, you can appoint someone else to attend and vote as your proxyholder. You can use the enclosed proxy or any other proper form of proxy to do this. The persons named in the enclosed proxy are directors or officers of the Corporation. <b>You can also choose another person to be your proxyholder by printing that person's name in the space provided.</b> Then complete the rest of the proxy, sign it and return it. Your votes can only be counted if the person you appointed attends the meeting and votes on your behalf. If you have voted by proxy, you may not vote in person at the meeting, unless you revoke your proxy.</p> <p><b>How to return Completed Proxy</b></p> <p>Return your completed proxy by (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), or by internet using the 15 digit control number located at the bottom of your proxy at <a href="http://www.investorvote.com">www.investorvote.com</a>. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10 am (MST) on June 15, 2018 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.</p>	<p><b>Voting in Person</b></p> <p>If you plan to attend the AGM and wish to vote your shares in person, insert your own name in the space provided on the enclosed Voting Instruction Form. Then follow the signing and return instructions provided by your nominee. Your vote will be taken and counted at the meeting so don't complete the voting instructions on the form. Please register with the transfer agent, Computershare Trust Company of Canada, when you arrive.</p> <p><b>Voting Instructions</b></p> <p>Whether or not you attend the meeting, you can appoint someone else to attend and vote as your proxyholder. Use the enclosed voting instruction form to do this. The persons named in the enclosed voting instruction form are directors and officers of the Corporation. <b>You can also choose another person to be your proxyholder by printing that person's name in the space provided.</b> Then complete the rest of the voting instruction form, sign it and return it. Your vote can only be counted if the person you appointed attends the meeting and votes on your behalf. If you have sent in your voting instruction form, you may not vote again at the meeting unless you revoke your instructions.</p> <p><b>How to return Completed Voting Instruction Form</b></p> <p>Return your completed voting instruction form in the envelope provided or fax it to one of the numbers set out in the form in accordance with the instruction provided by your nominee.</p>

## REGISTERED SHAREHOLDER VOTING

### Revoking Your Proxy

You may revoke your proxy at any time before it is acted on. You can do this by delivering a written statement that you want to revoke your proxy to the Corporation's Secretary at Field LLP, 400, 444 – 7 Avenue SW, Calgary, Alberta T2P 0X8, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time set for the Meeting, or any adjournment thereof, or to the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. You may also revoke your proxy by delivering to the Corporation's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, a properly executed proxy of later date on or before **10:00 a.m. (MST) on June 15, 2018** or in any other manner permitted by law.

### Notice and Access

Divestco will send paper copies of all documents to Registered Shareholders.

## BENEFICIAL SHAREHOLDER VOTING

### Revoking Voting Instructions

Follow the procedures provided by your nominee. Your nominee must receive your request to revoke the instructions in time to submit the revocation to us.

**A Beneficial Shareholder receiving a Voting Instruction Form cannot use such proxy to vote his or her shares directly at the Meeting. The Voting Instruction Form must be returned well in advance of the Meeting in order to have the shares voted at the Meeting.**

### Notice and Access

Divestco is delivering proxy-related materials to Beneficial Shareholders using the provisions of notice-and-access.

## PARTICULARS OF MATTERS TO BE ACTED UPON

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

### Presentation of Consolidated Financial Statements

The provisions of the *Business Corporations Act* (Alberta) require that the audited consolidated financial statements of the Corporation for the year ended December 31, 2017 and the auditors' report thereon, which accompany this Circular, shall be placed before the shareholders. These audited financial consolidated statements have been approved by the Audit Committee of the Board of Directors and by the full Board of Directors of the Corporation.

Shareholders are not required to vote on these audited consolidated financial statements.

### Fixing the Number of Directors

It is proposed that the number of directors to be elected at the meeting be set at six (6). Management intends to place before the Meeting, for approval, with or without modification, a resolution fixing the number of directors to be elected at the Meeting at six (6). The number of nominees presented by management at the Meeting will be six (6) nominees.

### Election of Directors

It is proposed that the following persons will be nominated at the Meeting to serve as directors. Management does not contemplate that any of the proposed nominees will be unable to serve as directors, however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his proxy that the Class A Shares are to be withheld from voting in the election of directors. You can vote for all of these directors, vote for some of them and withhold for others, or withhold for all of them. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Corporation.**

Each director elected will hold office until the next annual meeting of the shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets forth certain information with respect to persons proposed to be nominated for election as a director. Each of the following persons has consented to serve as a director if elected. The following information concerning each of the proposed nominees as directors is based on information received by the Corporation from said nominees:

Name, Province of Residence, and Positions Held with the Corporation	Principal Occupation for the Past Five Years	Date First Appointed Director	Class A Shares Beneficially Owned or Controlled or Directed as at Date Hereof <sup>(3)</sup>
<b>STEPHEN POPADYNETZ</b> Alberta, Canada Chief Executive Officer, President and Director	Mr. Popadynetz has been Chief Executive Officer of Divestco since January 1, 2001 and was appointed Chief Executive Officer and President on December 20, 2008. Mr. Popadynetz is a Professional Geophysicist with over 25 years of experience in oil and gas industry and holds Geophysics and Computer Science degrees from the University of Alberta.	May 1, 2002	9,291,044 <sup>(4)</sup> 13.26%
<b>WADE BRILLON</b> Alberta, Canada Director	Mr. Brillon has over 30 years of experience as a seismic broker and has been providing services to Divestco's seismic brokerage division since March 2003.	May 1, 2002	8,494,107 <sup>(5)</sup> 12.12%
<b>EDWARD L. MOLNAR</b> Alberta, Canada Director	Mr. Molnar has over 40 years of experience in the oil and gas industry where he has held various senior positions. He is currently retired. Prior to that he was the President and CEO of Citadel Resources Inc., a private oil and gas company.	May 1, 2002	1,205,695 1.72%
<b>BRENT M. GOUGH</b> Alberta, Canada Director	Mr. Gough has over 30 years of experience in the oil and gas industry where he has held various senior positions. He is currently President of Sutton Energy Ltd., a private oil and gas company. Prior to that, he was the Vice President, Operations of Pinecrest Energy Inc., a publicly traded oil and gas company.	June 3, 2004	836,455 1.19%
<b>RUTH SUMMERS</b> British Columbia, Canada Proposed Director	Ms. Summers is a corporate finance professional with over 20 years of experience including capital raising (debt and equity), IPO's, M&A, contract structuring/ negotiation, capital structure analysis/ assessment, risk analysis/assessment, infrastructure advisory and project finance. She is currently an independent consultant. Prior to the that, she spent four years at EnCana Corporation as a senior analyst and 15 years in various senior finance roles at several investment firms including CIBC World Markets, Pivotal Capital, TD Securities, Peters & Co. and RBC Dominion Securities as well as Deloitte & Touche and PricewaterhouseCoopers.	June 19, 2018	350,000 0.50%
<b>MARVIN LEFEBVRE</b> Alberta, Canada Proposed Director	Mr. Lefebvre has over 30 years of experience in the oil and gas industry. He is currently President of RVE Investment Holdings. Previously, he was President and Country Manager, Clean Harbors Canada and prior to that, President, Oil & Gas Field Services. Prior to Clean Harbors' acquisition of Eveready Income Fund in July 2009, Mr. Lefebvre was Vice President, Operations of Eveready since March 2005. Prior to March 2005, Mr. Lefebvre was the President and Chief Executive Officer of the former River Valley Energy Services Ltd., the predecessor to River Valley Income Fund, from July 2002 until the completion of the reorganization of that entity	June 19, 2018	4,025,000 5.75%
<b>TOTAL</b>	into River Valley Income Fund.		<b>24,202,301</b> <b>34.55%</b>

Notes:

- (1) The term of office for each proposed director will expire on the date of the next annual general meeting of shareholders.
- (2) There is no Executive Committee of the Corporation.
- (3) Not including Class A Shares to be issued pursuant to the exercise of stock options or warrants not exercised as of this date.
- (4) 2,475,200 of these Class A Shares are registered in the name of Mrs. Lisa Mallett, spouse of Mr. Popadynetz.
- (5) 7,517,089 of these Class A Shares are registered in the name of 585950 Alberta Ltd. and 264,193 Class A Shares are registered in the name of Seis View Ltd., companies wholly-owned by Mr. Brillon. In addition, 50,000 Class A Shares are registered in the name of Mrs. Sherri Brillon, spouse of Mr. Brillon.

**Independence and Board Committees**

Committees (Number of Members)			
Name	Compensation Committee (2)	Corporate Governance Committee (2)	Audit Committee (3)
<b>Independent Outside Directors</b>			
Edward L. Molnar	Chairman	✓	✓
Brent Gough <sup>(1)</sup>	✓	Chairman	Chairman
Marvin Lefebvre			
Ruth Summers			
<b>Management Directors – Not Independent</b>			
Stephen Popadynetz			
<b>Other Directors – Not Independent</b>			
Wade Brillon <sup>(2)</sup>		✓	✓

Notes

- (1) On March 26, 2018, the Corporation along with another company announced a cogeneration joint venture (the "Cogen") which will convert natural gas to electricity via a boiler-turbine. The Corporation is currently anticipating that, as a result of the Cogen, it will acquire the natural gas required for the venture through a privately-owned natural gas producer controlled by Mr. Gough and Mr. Popadynetz. Given the magnitude of natural gas expected to be used in this new venture and the Board's understanding of the personal financial and business circumstances of Mr. Gough, the Board does not currently expect that this arrangement will create a material relationship between the Corporation and Mr. Gough that could reasonably be expected to interfere with the exercise of Mr. Gough's independence; however, the Board will continue to closely monitor this relationship and will make all necessary changes to its Board and Committee structures should any circumstances arise that could reasonably be expected to impact Mr. Gough's independence.
- (2) In addition to his role on the Board, Mr. Brillon provides seismic brokerage services and accounts receivable factoring to the Corporation as an independent contractor.

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

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

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

appointed to hold its assets; or (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

No director or executive officer of Divestco has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

At the Meeting, shareholders will be asked to appoint KPMG LLP, Chartered Accountants ("**KPMG**"), as auditors of the Corporation until the next annual general meeting of shareholders at a remuneration to be fixed by the directors of the Corporation upon the recommendation of the Corporation's Audit Committee. KPMG are currently the auditors of the Corporation and were first appointed auditors of the Corporation effective June 2, 2005.

The appointment of the auditors will be effected by an ordinary resolution requiring the approval of more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the Meeting. It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies in favour of the appointment of KPMG as auditors of the Corporation.

The fees paid by the Corporation to KPMG for professional services rendered in the Corporation's last two fiscal years are as follows:

	2016	2017
Audit fees <sup>(1)</sup>	\$92,000	\$92,000
Audit-related fees <sup>(2)</sup>	42,000	46,000
Tax fees <sup>(3)</sup>	15,000	1,713
All other fees <sup>(4)</sup>	-	-
<b>Total</b>	<b>\$149,000</b>	<b>\$139,713</b>

Notes:

- (1) Audit fees were for professional services rendered by KPMG for the audit of the Corporation's annual consolidated financial statements and reviews of the Corporation's quarterly consolidated financial statements, as well as services provided in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees are for assurance services related to the performance of the audit or review of the Corporation's consolidated financial statements and not reported under "Audit fees" above.
- (3) Tax fees were for tax compliance, tax advice and tax planning. The fees were for services performed by the Corporation's auditors' tax division except those tax services related to the audit.
- (4) All other fees are fees for products and services provided by the Corporation's auditors other than those described as "Audit fees", "Audit-related fees" and "Tax fees".

Certain information regarding the Corporation's Audit Committee is contained in this Circular under the heading "Audit Committee".

### **Approval of the Stock Option Plan**

On September 17, 2003, the Board of Directors of Divestco adopted a Stock Option Plan, which has been amended from time to time (the "**Stock Option Plan**"), and as a floating plan it is subject to the approval of the shareholders annually pursuant to Policy 4.4 of the TSX-Venture Exchange ("**TSXV**").

**It is intended to vote the proxies hereby solicited, unless otherwise directed therein by the shareholder, in favour of the approval of the amended Stock Option Plan.**

Shareholders will be asked to pass an ordinary resolution approving the Stock Option Plan in the following form:

**"BE IT RESOLVED THAT:**

- 1. the Stock Option Plan, approved by the directors of the Corporation on September 17, 2003, as amended, be and it is hereby ratified and approved;**
- 2. the directors of the Corporation are hereby authorized to reserve up to 10% of the number of outstanding Class A shares in connection with grants of options pursuant to the Stock Option Plan; and**
- 3. any director or officer of the Corporation is hereby authorized to take all steps and proceedings necessary or desirable to implement and give effect to the foregoing, with full power and authority to execute, amend, modify and change all such documents as he may approve."**

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

On April 20, 2017, the Corporation obtained approval from the TSXV to purchase up to 3,344,180 (a maximum of 5%) of its issued and outstanding Class A Shares (66,883,608 Class A Shares as at April 10, 2017) in a twelve-month period (the "NCIB"). The NCIB commenced on the 2<sup>nd</sup> day of May 2017 and will terminate on the 1<sup>st</sup> day of May, 2018. Purchases of Class A Shares under the NCIB will be effected through the facilities of the TSXV at the market price at the time of purchase. As of the date of this circular, 851,000 Class A Shares had been purchased pursuant to the NCIB which expired on May 1, 2018. The Average Daily Trading Volume for the prior six months was 24,440 Class A Shares (25% of the Average Daily Trading Volume was 6,110 Class A Shares).

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

Other than as set forth in this Circular, none of the directors or executive officers of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any proposed nominee for election as a director of the Corporation or their associates or affiliates, has any material interest, direct or indirect by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

#### **COMPENSATION DISCUSSION AND ANALYSIS**

The Corporation has established a Compensation Committee comprised of 2 directors as determined by the Board of Directors, both of which satisfy the "independent" standards of the applicable securities regulatory requirements. The Board of Directors may from time to time appoint one of the members of the Committee to be the Chair of the Committee. Any members of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board of Directors may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains.

The Compensation Committee currently is composed of Edward L. Molnar (Chair) and Brent Gough, each presently an independent director of the Corporation. Each Compensation Committee member has direct experience that is relevant to his responsibilities in executive compensation, as well as the skills and

experience that enable him to make informed decisions on the suitability of the Corporation's executive compensation policies and practices. More specifically, each Compensation Committee member has had experience acting in senior management roles for various companies throughout their business careers, including oversight for performance and compensation with respect to senior management and personnel.

Meetings of the Compensation Committee are held periodically to review Divestco's compensation policies and to consider the overall compensation to be paid by the Corporation. Following discussions by the members of the Compensation Committee, recommendations are made to the Board of Directors of the Corporation, which has final approval on all compensation matters.

The Compensation Committee has adopted a compensation philosophy for the Corporation to achieve an effective compensation structure that aligns the interests of management with that of the shareholders. The mandate of the Compensation Committee is as follows:

- (a) to review the compensation philosophy and remuneration policy for employees of the Corporation and to recommend to the Board of Directors changes to improve the Corporation's ability to recruit, retain and motivate employees;
- (b) to review and recommend to the Board of Directors the retainer and fees to be paid to members of the Board of Directors;
- (c) to review and recommend to the Board of Directors performance objectives and the compensation package for the Chief Executive Officer;
- (d) to recommend to the Board of Directors, on the direction of the Chief Executive Officer, the compensation and benefits package for senior management positions within the Corporation;
- (e) to review management's recommendations for proposed stock option or share purchase plans and make recommendations in respect thereof to the Board of Directors;

The Corporation's policy is to provide a total package which will both attract and retain qualified executive officers and employees and at the same time closely link incentives to corporate performance and increases in shareholder value. Currently the compensation program for employees of the Corporation is composed of salary and benefits, a possible bonus and stock options as more particularly described as follows:

#### **Base Salary**

The first element of the Corporation's compensation program is the payment of base salaries. The payment of base salaries is a fundamental component of the Corporation's compensation program and serves to attract and retain highly qualified executives.

Salaries for executive officers are reviewed annually based on a review of corporate and personal performance and individual levels of responsibility. Base salaries are paid on the basis of position held and related responsibilities and functions performed by the executive officer, having regard to base salary ranges for similar positions in a comparative group. In addition, individual and corporate performance is taken into account.

The Compensation Committee submits its recommendation to the full Board of Directors as to the salary of all executive officers, including the Chief Executive Officer.

The significant decline in West Texas Intermediate and Western Canadian Select benchmark oil prices has forced the majority of North American oil and gas producers to considerably reduce their capital spending. This has resulted in increased pressure being put on North American oil and gas service companies to further



reduce fees for services. Due to the uncertainty the industry is currently facing, Divestco has taken measures to reduce operating expenses. Effective March 1, 2015, a salary austerity program was implemented and a restriction placed on all discretionary expenses. Further salary reductions were implemented during the remainder of 2015 and carried over into 2016. Certain of the austerity measures remained in place in 2017 and will likely continue throughout 2018.

### **Bonus**

Bonuses are discretionary and based upon performance during the year. Payments are considered appropriate by the Compensation Committee. Bonuses are designed to reward the Corporation's executive officers (and other employees) for above-average performance of their duties and for their contribution to the achievement of personal or the Corporation's annual goals and objectives. In addition, the bonuses serve as a retention incentive to encourage employees to remain in the employ of the Corporation. The short-term focus of the Bonus Plan is complemented and balanced by medium term focus of the ESOP and the longer term focus of the Stock Option Plan, which is designed to reward certain executive officers and other grantees in relation to the share price of the Corporation over the long-term.

As a result of the economic downturn in the oil and gas industry, the Corporation suspended all bonus plans and the company-matched portion under the ESOP effective March 1, 2015. It was temporarily reinstated from September 2017 to March 2018.

### **Stock Options**

Stock options are granted as a long-term incentive to assist the Corporation and its subsidiaries in attracting, retaining and motivating full-time employees, consultants, officers and directors by permitting those persons to participate in the growth and development of the Corporation through the acquisition of shares of the Corporation.

In determining the number of stock options to be granted, the Compensation Committee, upon the recommendation of the Chief Executive Officer and Chief Operating Officer of the Corporation, considers the number and remaining term of options currently held, and the responsibilities, functions and the performance of the employee.

The Stock Option Plan (the "**Stock Option Plan**"), which has been approved by the TSXV, provides for 10% of the issued and outstanding Class A Shares to be reserved for granting of options pursuant to the Stock Option Plan, together with any other compensation arrangement of Divestco that provides for the issuance of Class A Shares from treasury. The aggregate number of Class A Shares issuable pursuant to options under the Stock Option Plan is subject to adjustment in the event, during any exercise period of any options granted, of any consolidation, subdivision, redivision or change of the Class A Shares of Divestco. The price payable upon the exercise of any option as well as the term is set by the Board of Directors at the time of the grant, subject to regulatory requirements. The exercise price shall be the closing price per Class A Share on the principal exchange on which Divestco is listed on the day prior to the grant of the options. The maximum term is ten years. Options are not assignable. Subject to the restrictions on vesting and exercise set out in the Stock Option Plan, options granted are to be vested (i) one-third of the number of options granted following the first anniversary from the date of grant; (ii) one-third of the number of options granted following the second anniversary from the date of grant; and (iii) the remaining one-third following the third anniversary from the date of grant. At the discretion of the Board of Directors, the vesting period may be waived. The Board of Directors may amend or discontinue the Stock Option Plan at any time provided it is done in accordance with the limitations set out in the Stock Option Plan. Outstanding vested options expire at the lesser of six months and the remaining portion of the exercise period upon the death of an optionee. Options are forfeited within the lesser of 60 days and the remaining portion of the exercise period after resignation or termination with or without cause and the Board of Directors has discretion to immediately terminate such options in the event of termination for cause. The vesting provisions are to be accelerated and all unexercised

options may be exercised upon the occurrence of certain events as set out in the Stock Option Plan which will result in a change of control.

The number of Class A Shares issuable to insiders, at any time, under all security-based compensation arrangements, cannot exceed 10% of the issued and outstanding Class A Shares of Divestco as of that date and the number of Class A Shares issued to insiders, within any one year period, under all security-based compensation arrangements, cannot exceed 10% of the issued and outstanding Class A Shares of Divestco as of that date. In no event shall options granted to any single optionee exceed 5% of the issued and outstanding Class A Shares of Divestco. No financial assistance will be provided by Divestco to participants to facilitate the purchase of Class A Shares under the Stock Option Plan.

### **Employee Share Ownership Plan**

On January 9, 2004, the Directors of the Corporation approved an employee share ownership plan ("ESOP") for the Corporation, whereby the Corporation matches each employee's contributions to the ESOP to a maximum of 3% of each employee's salary or \$300 per month per employee and the ESOP purchases shares of Divestco in the open market. Effective January 1, 2008, the Corporation increased the portion it matched to 4.5% or \$450 per month per employee which was approved by Board of Directors. All cash contributions are used to purchase Class A Shares through the facilities of the TSXV. Effective March 1, 2015, in conjunction with other cost control measures, the matching portion provided by the Corporation was suspended. It was temporarily reinstated from September 2017 to March 2018.

The number of Class A Shares issuable, at any time, under all security based compensation arrangements of Divestco, cannot exceed 10% of the issued and outstanding Class A Shares of Divestco as of that date and the number of Class A Shares issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Class A Shares of Divestco as of that date.

The aggregate number of Class A Shares to be issued to any one recipient (and companies wholly owned by that recipient) in a 12 month period pursuant to the ESOP must not exceed 5% of the issued Class A Shares of the Corporation, calculated on the date the Class A Shares are issued to the recipient (unless the Corporation has obtained the requisite disinterested shareholder approval).

### **Review/Modifications**

The Corporation's executive compensation program is reviewed and considered at least annually by the Compensation Committee to determine if the objectives of the executive compensation program are being achieved and whether any modifications to that program are required. This includes a review of base salaries payable, potential bonuses payable and entitlement and participation in equity related incentive plans for all executive officers. When granting additional awards under the Corporation's Stock Option Plan, consideration is given to previous awards under these plans. The review also includes a review of the metrics used to assess performance, the targets established with respect to those performance metrics, whether previously established targets have been achieved and to what degree, and whether the performance metrics and targets are still appropriate in light of the then current industry, stock market and general economic conditions. The Compensation Committee establishes new performance metrics and related targets to be used to assess executive officer performance and determine executive officer compensation on a go-forward basis. In completing this review, the Compensation Committee considers the recommendations of management and the Chief Executive Officer in particular.

During each annual review and assessment by the Compensation Committee of the Corporation's executive compensation program, the Compensation Committee also implicitly takes into consideration any risks associated therewith. At the present time, the Compensation Committee has not identified any risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a

material adverse effect on the Corporation. In the assessment of senior management and the Board of Directors, the risks and uncertainties facing the Corporation that are likely to have a material adverse effect on the Corporation are disclosed quarterly in the Corporation's management discussion and analysis of the Corporation's financial condition and results of operations for the most recently completed quarter. No such risks relate to the Corporation's compensation policies and practices.

Upon completion of that review, the Compensation Committee in turn makes its recommendations with respect to the Corporation's executive compensation program to the full Board of Directors. The Board of Directors then approves the executive compensation program, including the individual components thereof, subject to any modifications it deems necessary.

### **Hedging**

No director or senior officer is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the senior officer or director.

### **Compensation of Named Executive Officers**

Compensation for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer is comprised of the components described above and is determined in accordance with the parameters and principles discussed above. Stock options are granted on the basis of the level of responsibility and to maintain a competitive level with industry counterparts.

The Compensation Committee believes that long-term shareholder value will be enhanced by compensation that is closely aligned with corporate performance achievement, and the policies of the Corporation are intended to reflect that belief.

The Company's overall compensation strategy is to retain and reward key staff for the overall long-term benefit of Divestco's shareholders and stakeholders.

Base salary compensation is based on numerous factors including competency, skill set, market conditions and deliverables, and is recommended and approved by the Compensation Committee. All other compensation including bonuses and stock-based compensation is completely discretionary and is based on a number of factors which include deliverables, competency, skill set and market conditions, and are recommended and approved by the Compensation Committee.

The significant decline in West Texas Intermediate and Western Canadian Select benchmark oil prices has forced the majority of North American oil and gas producers to considerably reduce their capital spending. This has resulted in increased pressure being put on North American oil and gas service companies to further reduce fees for services. Due to the uncertainty the industry is currently facing, Divestco has taken measures to reduce operating expenses. Effective March 1, 2015, a salary austerity program was implemented and a restriction placed on all discretionary expenses. Further salary reductions were implemented during the remainder of 2015 and carried over into 2016. Certain of the austerity measures remained in place in 2017 and will likely continue throughout 2018.

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

- a. each Chief Executive Officer (CEO) meaning an individual who served as CEO of the Corporation or acted in a similar capacity for any part of the most recently completed financial year;

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

There are four NEOs of the Corporation as disclosed in the following table:

*Summary Compensation Table*

Name and Principal Position	Year Ended Dec 31	Salary (\$) <sup>(2)</sup>	Share based awards <sup>(3)</sup> (\$)	Option-based awards <sup>(4)</sup> (\$)	Non-equity incentive plan compensation \$		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Stephen Popadynetz <sup>(1)</sup> Chief Executive Officer and President	2017	269,532	4,500	37,250	-	-	-	-	311,282
	2016	233,312	-	-	-	-	-	-	233,312
	2015	261,724	-	-	-	-	-	-	261,724
Steve Sinclair-Smith Chief Operating Officer	2017	257,542	4,500	37,250	-	-	-	-	299,292
	2016	215,967	-	-	-	-	-	-	215,967
	2015	242,267	-	-	-	-	-	-	242,267
Danny Chiarastella Chief Financial Officer	2017	168,183	-	37,250	-	-	-	-	205,433
	2016	142,419	-	-	-	-	-	-	142,419
	2015	159,763	-	-	-	-	-	-	159,763
Lonn Hornsby Senior Vice President, Operations - Seismic	2017	187,175	4,500	37,250	-	-	-	-	228,925
	2016	161,290	-	-	-	-	-	-	161,290
	2015	180,932	-	-	-	-	-	-	180,932

Notes:

- (1) Mr. Popadynetz does not receive any compensation as a director of the Corporation.
- (2) In response to the economic downturn, a salary austerity program was implemented effective March 1, 2015. Further salary reductions were implemented during the remainder of 2015 and carried over into 2016. Certain of the austerity measures remained in place in 2017 and will likely continue throughout 2018.
- (3) Share-based awards include the portion of the contributions to the ESOP that are matched by the Corporation through a combination of cash and Class A Shares issued from treasury up to 4.5% of monthly regular salary to a maximum of \$450 per month. All cash contributions from employees and the matching portion from the Corporation are used to purchase Class A Shares through the facilities of the TSX Venture Exchange. The matching portion was suspended March 1, 2015 until further notice in response to the downturn in the oil and gas industry. It was temporarily reinstated from September 2017 to March 2018.
- (4) Reflects the estimated fair value under the Black-Scholes option pricing model of stock options granted in the year. For the options granted in 2017 (no options granted in 2016 or 2015) the key assumptions and estimates used for the calculation of the grant date fair value in this model include a volatility of 162%, an option life of 5 years, a risk-free interest rate of 0.97% and a forfeiture rate of 17.1% for a per option fair value of \$0.07. The grant date fair value presented in the above table does not differ from the fair value determined in accordance with International Financial Reporting Standards 2, "Share-based Payment".

### Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes certain information as of December 31, 2017 regarding compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance from treasury.

#### *Equity Compensation Plan Information*

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (\$/Share) (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders – Stock Option Plan	4,150,000	0.08	2,453,261
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>4,150,000</b>	<b>N/A</b>	<b>2,453,261</b>

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

The following table presents details of all outstanding share-based awards and outstanding unvested share-based awards at December 31, 2017 for NEOs:

<b>Name</b>	<b>Option-based Awards</b>				<b>Share-based Awards</b>		
	<b>Number of Securities underlying unexercised options (#)</b>	<b>Option exercise price (\$/Share)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options (\$)<sup>(1)</sup></b>	<b>Number of shares or units or shares that have not vested (#)</b>	<b>Market or payout value of share-based awards that have not vested (\$)</b>	<b>Market or payout value of vested share-based awards not paid out or distributed (\$)</b>
Stephen Popadynetz	500,000	0.08	April 30, 2022	-	500,000	-	-
Steve Sinclair-Smith	500,000	0.08	April 30, 2022	-	500,000	-	-
Danny Chiarastella	500,000	0.08	April 30, 2022	-	500,000	-	-
Lonn Hornsby	500,000	0.08	April 30, 2022	-	500,000	-	-
<b>Total</b>	<b>2,000,000</b>			<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>

**Note:**

<sup>(1)</sup> The options were out of the money as at December 31, 2017.

The following table presents details of all outstanding share-based awards and outstanding unvested share-based awards at December 31, 2017 for Directors:

Name	Option-based Awards <sup>(1)</sup>				Share-based Awards		
	Number of Securities underlying unexercised options (#)	Option exercise price (\$/Share)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units or shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Edward L. Molnar	250,000	0.08	April 30, 2022	-	250,000	-	-
Wade Brillon	250,000	0.08	April 30, 2022	-	250,000	-	-
Brent Gough	250,000	0.08	April 30, 2022	-	250,000	-	-
<b>Total</b>	<b>750,000</b>			-	<b>750,000</b>	-	-

Note:

<sup>(1)</sup> The options were out of the money as at December 31, 2017.

### *Incentive Plan Awards*

The following table presents details of all awards that vested in the most recently completed calendar year for NEOs:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation-value earned during the year (\$)
Stephen Popadynetz	-	-	-
Steve Sinclair-Smith	-	-	-
Danny Chiarastella	-	-	-
Lonn Hornsby	-	-	-
<b>Total</b>	-	-	-

Notes:

<sup>(1)</sup> Options that vested in 2017 were out of the money on the vesting date.

<sup>(2)</sup> This column reflects the portion the Corporation matches under its ESOP.

The following table presents details of all awards that vested in the most recently completed calendar year for Directors:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation-value earned during the year (\$)
Edward L. Molnar	-	-	-
Wade Brillon	-	-	-
Brent Gough	-	-	-
<b>Total</b>	-	-	-

Note:

<sup>(1)</sup> Options that vested in 2017 were out of the money on the vesting date.

### Grants, Exercises and Amendments after the Year Ended December 31, 2017

From January 1, 2018 to the date of the Circular, no options were granted to employees. From January 1, 2018 to the date of the Circular, 100,000 options were forfeited by employees. As at the date of the Circular, 4,050,000 options were outstanding.

#### Termination of Employment and Employment Contracts

Employment agreements with the executive officers outline the terms and conditions applicable in the event of an officer's separation from Divestco due to retirement, termination (with or without cause), resignation or death. The following table summarizes the material terms and provisions that apply under the noted events:

Type of Compensation	Event				
	Resignation <sup>(1)</sup>	Change of Control <sup>(2)</sup>	Termination Without Cause	Termination With Cause	Death
Base Salary	Payments cease	Retiring allowance includes a lump-sum payment of 2 years of annual salary as of the last day of employment <sup>(3)</sup>	Retiring allowance includes a lump-sum payment of 2 years of annual salary as of the last day of employment for the CEO, 18 months for the COO and CFO and 1 year for all other officers	Payments cease	Payments cease
Annual Bonus	Not paid	Not paid	Not paid	Not paid	Not paid
Stock Options	Vested options must be exercised within 60 days following last day of employment	Vest immediately	Vested options must be exercised within 60 days following last day of employment	Vested options must be exercised within 60 days following last day of employment however at Board, at its sole discretion, may determine that all vested unexercised options terminate immediately	Vested options must be exercised within 6 months following the date of death
ESOP	Employer matched contributions cease. Executive officer entitled to all employer contributions made up the last date of employment	No change	Employer matched contributions cease. Executive officer entitled to all employer contributions made up the last date of employment	Employer matched contributions cease. Executive officer entitled to all employer contributions made up the last date of employment	Employer matched contributions cease. Executive officer entitled to all employer contributions made up the last date of employment
Benefits	Coverage ceases	Payment of 15% for lost benefit <sup>(3)</sup>	Coverage ceases	Coverage ceases	Coverage ceases

Type of Compensation	Event				
	Resignation <sup>(1)</sup>	Change of Control <sup>(2)</sup>	Termination Without Cause	Termination With Cause	Death
Perquisites	Payments cease	Forgiveness of any outstanding vehicle allowance loan amount	Payments cease	Payments cease	Payments cease

Notes:

<sup>(1)</sup> Does not include resignation as a result of constructive dismissal of the Executive Officer.

<sup>(2)</sup> Defined as:

- i) The purchase or acquisition of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 20% of the votes attaching to all Voting Shares. For clarity, a Change of Control does not occur as a result of any issue or sale of Voting Shares of the Corporation to an investment dealer or group of investment dealers as underwriters for distribution to the public either by way of prospectus or private placement; or
- ii) Approval by the shareholders of the Corporation of an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation and pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor or continuing corporation which would entitle them to cast more than 50% of the votes attaching to all voting shares in the capital of the successor or continuing corporation or issuer which may be cast to elect directors of that corporation; or
- iii) The election as directors of the Corporation at a meeting of the Corporation's shareholders of that number of persons which represent a majority of the Board of Directors, who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation's management; or
- iv) Approval by the shareholders of the Corporation of the liquidation, dissolution or winding-up of the Corporation; or
- v) Approval by the shareholders of the Corporation of the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
- vi) The completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii) and (iv) referred to above; or
- vii) A determination by the Board of Directors of the Corporation that there has been a change, whether by way of a change in the holding of the Voting Shares of the Corporation, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.

For the purposes of this definition "Voting Shares" means any securities of the Corporation (or such other successor or continuing issuer) ordinarily carrying the right to vote at elections of directors, "Convertible Securities" means any securities convertible or exchangeable into Class A Shares or carrying the right or obligation to acquire Class A Shares and "Holder" means a person, a group of persons or persons acting jointly or in concert or persons associates or affiliated, within the meaning of the *Business Corporations Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert.

- <sup>(3)</sup> Mr. Popadynetz's employment agreement has a change of control clause which permits him to resign for any reason within two days of a Change of Control, as defined above, and as a result, the Corporation would be required to pay him a retiring allowance equal to: 24 months of Mr. Popadynetz's then current annual base salary and an additional amount equal to 15% of Mr. Popadynetz's then current annual base salary to account for lost benefits and forgiveness of any outstanding vehicle allowance loan amount.
- <sup>(4)</sup> The Corporation may elect to require executive officers to comply with a non-competition provision in their employment agreements for a period of 12 months from the executive officer's separation date.

### Compensation of Directors

Other than the amounts set out below, there was no other compensation paid to directors in the year.



Name	Fees earned (1) (\$)	Option- based awards (\$) <sup>(2)</sup>	Share-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Edward Molnar	12,000	18,625	-	-	-	-	31,625
Wade Brillon	10,000	18,625	-	-	-	-	28,625
Brent Gough	5,000	18,625	-	-	-	-	23,625
<b>TOTAL</b>	<b>27,000</b>	<b>55,875</b>	-	-	-	-	<b>83,375</b>

## Notes:

- (1) In response to the economic downturn in the oil and gas industry, board fees were suspended effective March 1, 2015. Fees were reinstated in 2017 and were increased from \$2,000 to \$2,500 for each Board and Committee meeting unless the meetings on the same day.
- (2) Reflects the estimated fair value under the Black-Scholes option pricing model of stock options granted in the year. For the options granted in 2017 (no options granted in 2016 or 2015) the key assumptions and estimates used for the calculation of the grant date fair value in this model include a volatility of 162%, an option life of 5 years, a risk-free interest rate of 0.97% and a forfeiture rate of 17.1% for a per option fair value of \$0.07. The grant date fair value presented in the above table does not differ from the fair value determined in accordance with International Financial Reporting Standards 2, "Share-based Payment".

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

As at May 7, 2018, to the best of the knowledge of the Board of Directors and officers of the Corporation, except as indicated below, there were no material interests, direct or indirect, of any informed person of the Corporation, nominees for director or any associate or affiliate of any informed person or proposed director or any shareholder who beneficially owns more than 10% of the Class A Shares of the Corporation or any known associate or affiliate of such persons in any transaction since the commencement of the Corporation's last completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation:

- As at December 31, 2017, the Corporation had \$968,000 outstanding in secured debentures with a royalty interest. Mr. Stephen Popadynetz and Mr. Wade Brillon \$560,000 of the debentures. The debentures bear interest of 8% per annum. Principal payments are calculated as follows: 50% of the net revenues generated by certain of the Corporation's seismic data (the "**Seismic Data**"), multiplied by the amount of debentures outstanding divided by \$5 million. The balance of the revenue is retained by the Corporation. Net revenues equal 90% of the gross revenues generated by the Seismic Data as the Corporation retains 10% of the gross revenues as a management fee. The Seismic Data is comprised of the seismic surveys acquired by Corporation prior to July 1, 2012. Principal payments were postponed due to a requirement under the Corporation's previous senior debt facilities. Principal payments continued to be postponed under the terms of a new loan agreement with the Corporation's senior lender which commenced in March 2017 until the loan matures in September 2020. As at December 31, 2017, there was \$737,574 in principal payments owing to the debenture holders based on revenues generated by the Seismic Data up to and including December 31, 2017. Upon full repayment of the principal amount of the debentures and all accrued interest, the royalty interest becomes effective and will be paid as a royalty indefinitely. Royalty payments are calculated as follows: 25% of the net revenues generated by the Seismic Data multiplied by the amount of debentures outstanding divided by \$5 million. The balance of the revenue is retained by the Corporation. Net revenues will equal 90% of the gross revenues generated by the Seismic Data as the Corporation will retain 10% of the gross revenues as a management fee. Royalty payments may be subject to postponement to the Corporation's senior lenders.
- As at December 31, 2017, the Corporation had \$5,175,000 in shareholder loans from two members of the Corporation's board of directors, Mr. Stephen Popadynetz and Mr. Wade Brillon. The shareholder loans bear interest at rates of 12% per annum, are secured by way of registered security pursuant to the *Personal Property Security Act* (Alberta), are subordinated to the Corporation's senior bridge lender. Monthly principal payments \$107,813 were to commence on April 1, 2017; however, under the terms of a term loan agreement with the Corporation's senior lender, principal payments were postponed until the

loan matured in September 2020. The term loan was repaid in April 2018 with the proceeds of a new term loan. Principal payments are postponed until the new loan matures in September 2023.

- On April 23, 2018, the Corporation closed a financing arrangement for \$3,150,000 with a 30-month term and an interest rate of 15% per annum compounded monthly in arrears until maturity. \$3,000,000 of the loan is held by three members of the Corporation's board of directors (Mr. Stephen Popadynetz and Mr. Wade Brillon and Mr. Brent Gough), a company controlled by Mr. Gough, a company controlled by Mr. Bruce Webster as well as the two proposed directors (Ms. Ruth Summers and Mr. Marvin Lefebvre). The proceeds of the Loan were used to repay a \$3.0 million term loan with BC-OSB Holdings Ltd.
- On May 3, 2018, closed the first tranche of its non-brokered private placement and issued 4,025,000 Class A Shares at a price of \$0.10 per Share for gross proceeds of \$402,500 to Mr. Lefebvre.

## AUDIT COMMITTEE

### Composition of the Audit Committee

The Audit Committee reviews the annual financial statements of the Corporation and meets with the external independent auditors to review and consider audit procedures and to assess the appropriateness and effectiveness of the Corporation's policies, business practices, internal controls and management information systems which impact the financial integrity of the Corporation. The Charter of the Audit Committee is attached as Schedule A. The members of the Audit Committee have direct access to the external auditors of the Corporation. The Audit Committee also reviews the unaudited quarterly financial statements and management's discussion and analysis of financial results.

### Relevant Experience of Audit Committee Members

<b>Name of Member</b>	<b>Independent</b>	<b>Financially Literate</b>	<b>Relevant Education and Experience</b>
Edward Molnar	Yes	Yes	Mr. Molnar is an independent businessman in Calgary, Alberta and served in senior positions of numerous private and public oil and gas companies.
Brent Gough	Yes	Yes	Mr. Gough is an independent businessman in Calgary, Alberta and is currently President of Sutton Energy Ltd., a private oil and gas company. Prior to that he was Vice-President, Operations of Pinecrest Energy Inc., a public company, from 2010 to 2015. Mr. Gough has also held senior positions with various private oil and gas companies. Mr. Gough has a Bachelor of Science degree in Engineering from the University of Calgary (1981).
Wade Brillon	No	Yes	Mr Brillon is an independent businessman in Calgary, Alberta and has served on the Corporation's board since 2002.

All members have the ability to read, question and understand the financial statements of the Corporation, and understand the concept of Generally Accepted Accounting Principles. In addition, the Audit Committee has the authority to engage the advice of specialists and professionals on complex topics. The members understand and can evaluate internal control and procedures.

### Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### Pre-Approval Policies and Procedures

The Audit Committee is required to review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

- (a) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
- (b) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
- (c) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### Exemption

The Corporation is relying upon the exemption in section 6.1 of National Instrument 52-110.

### Audit Committee's Charter

See the Charter set forth in Schedule A hereto.

## **CORPORATE GOVERNANCE PRACTICES**

The Board of Directors of the Corporation believes in the importance of maintaining sound corporate governance practices. A description of the Corporation's Corporate Governance Practices is set out in Schedule B.

### **Board of Directors' Mandate**

The mandate of the Board of Directors is to supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. You can find a copy of the Board of Directors' Mandate in Schedule C.

Three meetings of the Board of Directors were held in 2017.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [www.divestco.com](http://www.divestco.com). Shareholders who wish to obtain copies of the Corporation's MD&A and consolidated financial statements may contact the Corporation at 300, 520 – 3<sup>rd</sup> Avenue SW, Calgary, Alberta, T2P 0R3, or by email at [investor.relations@divestco.com](mailto:investor.relations@divestco.com).

Financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

**APPROVAL OF THE BOARD OF DIRECTORS**

This Circular and the sending thereof to shareholders have been authorized by the Board of Directors.

## **SCHEDULE A**

### **AUDIT COMMITTEE CHARTER**

Presented to the Board of Directors on the 30<sup>th</sup> day of June, 2005.

#### ***Mandate***

The primary function of the audit committee (the "**Committee**") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.

#### ***Composition***

The Committee shall be comprised of three directors as determined by the Board of Directors, whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

All least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation's Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Corporation's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### ***Meetings***

The Committee shall meet a least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the, Chief Executive Officer, Chief Financial Officer, Vice President, Finance and the external auditors in separate sessions.

#### ***Responsibilities and Duties***

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter periodically.
- (b) Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
- (g) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related hereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### ***Financial Reporting Processes***

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

### ***Authority***

The Committee will have the authority to:

- (a) Engage independent counsel and other advisors as it determines necessary to carry out its duties.
- (b) Set and pay the compensation for any advisors employed by the Committee.
- (c) Communicate directly with the internal and external auditors.

### ***Other***

The Chief Financial Officer should be advised of any related-party transaction, and he can refer consideration of material related-party transactions to the Committee.

## SCHEDULE B

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Divestco's Board of Directors believes in the importance of maintaining sound corporate governance practices, and has therefore established the Governance Committee to periodically review, evaluate and modify governance processes as necessary. The following table summarizes Divestco's governance procedures according to National Instrument 58-101 of the Canadian Securities Administrators (CSA) as at December 31, 2017.

CSA Corporate Governance Guidelines	Comments
<b>1. Board of Directors</b>	
(a) Disclose the identity of directors who are independent.	The independent directors are:  Edward L. Molnar Brent Gough
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Stephen Popadynetz – Chief Executive Officer and President of the Corporation Wade Brillon – receives fees for seismic consulting and brokerage services from the Corporation
(c) Disclose whether or not a majority of directors are independent.	50% of the Board of Directors is independent.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	N/A
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.	The Compensation Committee and the Corporate Governance Committee consist solely of independent directors. The Audit Committee consists of three directors, two of whom are independent. The Risk Committee is an ad hoc committee of the Board of Directors which has at least two independent directors. Periodically as required, the Board of Directors will meet in Executive Session at which only the independent directors are in attendance, generally as part of a scheduled meeting of the Board of Directors.



<b>CSA Corporate Governance Guidelines</b>	<b>Comments</b>								
(f) Disclose whether or not the chair of the Board of Directors is an independent director. If the Board of Directors has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.	<p>The Chairman of the Board of Directors is Mr. Molnar who is an independent director.</p> <p>His role and responsibilities are as follows:</p> <ul style="list-style-type: none"> <li>• Develop the agenda for the meetings of the Board of Directors as required</li> <li>• Act as a liaison between the Corporation's management and the Board of Directors where and if required</li> <li>• Chair the meetings of the Board of Directors</li> <li>• Ensure the Board of Directors is carrying out its responsibilities in accordance with good governance practices, constating documents of the Corporation, and the approved corporate governance guidelines</li> <li>• Consider any other appropriate structures and procedures to ensure that the Board of Directors can function independently of management</li> <li>• Undertake the lead on any other corporate governance matters that the Board of Directors may require or request from time to time.</li> </ul>								
(g) Disclose the attendance record of each director for all meetings of the Board of Directors held since the beginning of the issuer's most recently completed financial year.	<table border="0"> <tr> <td>Stephen Popadynetz</td> <td>3/3</td> </tr> <tr> <td>Wade Brillon</td> <td>3/3</td> </tr> <tr> <td>Edward L. Molnar</td> <td>3/3</td> </tr> <tr> <td>Brent Gough</td> <td>2/3</td> </tr> </table>	Stephen Popadynetz	3/3	Wade Brillon	3/3	Edward L. Molnar	3/3	Brent Gough	2/3
Stephen Popadynetz	3/3								
Wade Brillon	3/3								
Edward L. Molnar	3/3								
Brent Gough	2/3								
<b>2. Board of Directors' Mandate</b>									
Disclose the text of the Board of Directors' mandate (also see Schedule C).	<p>The Board of Directors has adopted a written mandate and corporate governance policies which, amongst other matters, set out the principal responsibilities of the Board of Directors which are:</p> <ul style="list-style-type: none"> <li>• Adoption of a corporate strategic planning process</li> <li>• Managing risks and protecting shareholder value</li> <li>• Succession planning including appointing, developing and monitoring senior management</li> <li>• Communications policy</li> <li>• Internal corporate controls and management information systems</li> <li>• Corporate governance</li> </ul> <p>Knowledge and understanding of the business and business conduct and integrity.</p>								

<b>CSA Corporate Governance Guidelines</b>	<b>Comments</b>
<b>3. Position Descriptions</b>	
(a) Disclose whether or not the Board of Directors has developed written position descriptions for the chair and the chair of each committee of the Board of Directors.	The Board of Directors has developed written position descriptions for the Chairman and the Chairman of each committee of the Board of Directors.
(b) Disclose whether or not the Board of Directors and CEO have developed a written position description for the CEO.	The Board of Directors has developed a written position description for the Chief Executive Officer and President.
<b>4. Orientation &amp; Continuing Education</b>	
(a) Briefly describe what measures the Board of Directors takes to orient new directors regarding:	
(i) the role of the Board of Directors, its committees and its directors	Each member of the Board of Directors has a director's manual which is periodically updated as required. The manual includes the Board of Directors corporate governance guidelines, which includes the role of the Board of Directors and the terms of reference for each committee of the Board of Directors as well as the policies adopted by the Board of Directors and information with respect to Divestco and its operations.
(ii) the nature and operation of the issuer's business.	Senior managers, other Divestco employees and external advisors make periodic presentations at meetings of the Board of Directors on a variety of business issues and strategies. At each meeting of the Board of Directors, the Chairman and the CEO review and discuss current business issues, challenges and opportunities.
(b) Briefly describe what measures the Board of Directors takes to provide continuing education for its directors.	Subject to Board of Directors' approval, directors may enroll in professional development courses at Divestco's expense.

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

<b>CSA Corporate Governance Guidelines</b>	<b>Comments</b>
<b>6. Nomination of Directors</b>	
(a) Describe the process by which the Board of Directors identifies new candidates for Board of Directors nomination.	The Corporate Governance Committee is responsible for identifying new candidates for recommendation to the Board of Directors for ultimate recommendation to the shareholders. There is no specific written process for the nomination process.
(b) Disclose whether or not the Board of Directors has a nominating committee composed entirely of independent directors.	The nomination process is the responsibility of the Corporate Governance Committee, which is composed entirely of independent directors.
(c) If the Board of Directors has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	See response in the above comment.
<b>7. Compensation</b>	
(a) Describe the process by which the Board of Directors determines the compensation for the issuer's directors and officers.	The Compensation Committee receives data on salary levels from the Corporation and from independent surveys. Compensation is based upon median compensation levels for comparable companies and on individual performance and experience in the position. All compensation levels are reviewed annually.
(b) Disclose whether or not the Board of Directors has a compensation committee composed entirely of independent directors.	Compensation matters are a responsibility of the Compensation Committee, which is composed entirely of independent directors.
(c) If the Board of Directors has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The mandate of the Compensation Committee is to review and provide recommendations to the Board of Directors for approval of the compensation of key management personnel and the compensation plans for the Corporation's management and employees.
<b>8. Other Board Committees</b>	
If the Board of Directors has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board of Directors has no other formal Committees other than the Audit Committee, the Compensation Committee and the Corporate Governance Committee.

<b>CSA Corporate Governance Guidelines</b>	<b>Comments</b>
<b>9. Assessments</b>	
<p>Disclose whether or not the Board of Directors, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board of Directors satisfies itself that the Board of Directors, its committees, and its individual directors are performing effectively.</p>	<p>The Corporate Governance Committee has the responsibility for assessing the effectiveness of the Board of Directors as a whole. An annual self-assessment is conducted with the findings reported to the full Board of Directors. The assessment process examines the effectiveness of the Board of Directors as a whole and specifically reviews areas that the directors believe could be improved to ensure the continued effectiveness of the Board of Directors in the execution of its responsibilities. An assessment of each individual director is not performed.</p>
<b>10. Director Term Limits and Other Mechanisms of Board Renewal</b>	
<p>Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The Corporation has not adopted term limits as it has not been an issue to date given the current years of service of the directors.</p>

## SCHEDULE C

### DIVESTCO INC.

#### BOARD OF DIRECTORS' MANDATE

*Last modified April 20, 2011*

##### **Overall Scope**

The Board of Directors (the "**Board**") of Divestco Inc. (the "**Company**") is responsible for the stewardship, strategic direction and for overseeing management with respect to the Company's business and affairs. Members of the Board must act honestly, in good faith and in the best interests of the Company, its shareholders, employees, customers and suppliers. The Board monitors the Company's financial results and evaluates the performance of the Company and its executive officers. The Board should be composed of a majority of independent and unrelated directors.

##### **Committee Structure**

The current committee structure of the Company includes the following committees:

- Audit
- Compensation
- Corporate Governance, and
- Risk Management

The mandate and membership of each standing committee is reviewed periodically by the Board.

##### **Appointment**

Directors are elected annually by the shareholders of the Company and together with those appointed to fill vacancies or appointed as additional directors throughout the year, collectively constitute the Board. Currently the Board has determined that four (4) directors is in the best interests of Divestco, however the Corporate Governance and Compensation Committees review the size of the Board from time to time and recommend changes and nominate new members when appropriate.

##### **Duties and Responsibilities**

###### *Corporate Strategy*

The Board is responsible for reviewing, approving and monitoring throughout the year the operating budget and financial goals of the Company as well as longer term strategic plans. Significant short and long-term goals and strategies of the Company are developed in concert with senior management and the Board's various committees. Through this process, led by the Chairman, CEO and the COO, the Board adopts goals and strategies and monitors senior management's relative performance through a regular reporting and review process.

The Board, through the Audit Committee, reviews on a quarterly basis the extent to which the Company has met the current year's operating and financial goals.

### ***Meetings***

Meetings of the Board will be held as required, but generally at least three times a year. Board meeting attendance is recorded and it is expected that all directors attend a majority of meetings throughout the year. It is expected that directors are prepared and have reviewed all advance meeting materials if, and when, any are provided by management. The Board and its committees, when required, meet independently of management.

### ***Selection of Management and Position Descriptions***

The Board is responsible for:

- Appointing the Chief Executive Officer (CEO) and monitoring and evaluating the CEO's performance, and compensation;
- Developing clear a clear position description for the CEO, together with the CEO and Corporate Governance Committee;
- Developing clear position descriptions for the Chairman and the Chair of each Board committee, as recommended by the Corporate Governance Committee;
- Appointing and determining the remuneration of all executives who are appointed by the Board. Remuneration is based on recommendations of the Compensation Committee;
- Ensuring and monitoring that adequate plans are in place for management development and succession.

### ***Fiscal Management and Reporting***

Upon recommendation of the Audit Committee, the Board is responsible for:

- Monitoring the financial performance of the Company;
- Ensuring, with the advice of the external auditors, that the financial results are reported to shareholders and regulators on a timely basis and in accordance with generally accepted accounting principles;
- Ensuring that all material developments of the Company are disclosed to the public on a timely basis in accordance with applicable securities regulations;
- Reviewing and approving regulatory filings such as the Annual Information Form and Management Circular;
- Recommending to shareholders the appointment of auditors and setting the auditor's remuneration, upon advice from the Audit Committee and management.

### ***Legal and Statutory Compliance***

Using its best efforts the Board is responsible for:

- Ensuring compliance with all relevant policies and procedures by which the Company operates and ensuring that the Company operates at all times in compliance with all applicable laws and regulations, and to the highest ethical standards. To achieve the aforementioned, the Board has the ability to consult and depend on the advice of outside legal council;
- Approving all matters which require Board approval as prescribed by applicable statutes and regulations. Management ensures that such matters are brought to the attention of the Board as they arise.

### ***Formal Board Evaluation, Orientation and Continuing Education***

As determined by the Board, the Corporate Governance Committee conducts evaluations and reviews the performance of the Board, Board committees, and the Chair of the Board. The Board reviews the results of such evaluations and discusses potential ways to improve Board effectiveness.

In addition, led by the Corporate Governance Committee, the Board ensures that all newly appointed directors understand their expected contribution and receive a comprehensive orientation.

The Board provides continuing education opportunities, as required, for all directors so as they can maintain current and enhance their respective skills and abilities.

### ***Risk Management***

The Board's participation in the strategic planning process includes the consideration of the principal risks associated with Divestco's business. The management of these risks is assigned to the appropriate management personnel and their status is periodically reviewed by the Board. The CEO and COO are mandated with the responsibility to assure that the Board and its committees are kept well informed of changing risks on a timely basis.

As required to manage the Company's risk, the Board has authority to create Risk Management Committees comprised with at least two independent directors.

The Audit Committee reviews and reports all existing and potential financial risk issues to the Board.

### ***External Communications***

The Board, through a process led by the Corporate Governance and Audit Committees, is responsible for overseeing the establishment and maintenance of the Company's Disclosure Policy and Code of Business Conducts and Ethics.