



CERVUS EQUIPMENT CORPORATION

Notice of Meeting

and

Management Information Circular

Dated: March 11, 2014

For the Annual Meeting of Shareholders to be held on April 24, 2014

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an annual meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Cervus Equipment Corporation (the “**Corporation**”) will be held at the new home of the Corporation’s Calgary and area authorized John Deere dealership located at 292177 Crosspointe Road, Rocky View County, Alberta, on April 24, 2014 commencing at 4:00 p.m. (Mountain Daylight Savings Time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the financial year ended December 31, 2013 and the auditors' report thereon;
2. to fix the number of directors to be elected at the Meeting at not more than 7;
3. to elect directors of the Corporation for the ensuing year;
4. to appoint auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of such auditors;
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put forth at the Meeting are included in the Management Information Circular accompanying and forming part of this Notice of Meeting.

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on March 4, 2014 (the “**Record Date**”). Only Shareholders of the Corporation of record as at that date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares owned as at the Record Date, unless any such Shareholder transfers such Shareholder’s Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

Shareholders of the Corporation who are unable to attend the Meeting in person are requested to complete the form of proxy delivered to Shareholders by the Corporation with this Notice of Meeting and return it to the Corporation’s transfer agent, Computershare Trust Company of Canada, in accordance with the instructions set out therein. In order to be valid and acted upon at the Meeting, proxies must be received by Computershare Trust Company of Canada not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. If a Shareholder receives more than one form of proxy because such Shareholder owns Common Shares registered in different names or addresses, each form of proxy should be completed and returned. Shareholders are cautioned that the use of the mails to transmit proxies is at each Shareholder's risk.

DATED at Calgary, Alberta, this 11th day of March, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “Peter Lacey”

Peter Lacey, Executive Chairman

If you are a non-registered shareholder of the Corporation and receive materials for the Meeting through your broker or through another intermediary, please complete and return the required materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your Common Shares not being eligible to be voted by proxy at the Meeting.

MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 24, 2014

PROXIES

Solicitation of Proxies

This Management Information Circular has been prepared in connection with the solicitation of proxies by the management of Cervus Equipment Corporation (the “**Corporation**”) for use at the annual meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of the Corporation to be held at the new home of the Corporation’s Calgary and area authorized John Deere dealership located at 292177 Crosspointe Road, Rocky View County, Alberta, on April 24, 2014 commencing at 4:00 p.m. (Mountain Daylight Savings Time), and at any adjournment thereof, for the purposes set forth in the notice of the Meeting delivered by the Corporation to Shareholders for the Meeting.

Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the form of proxy delivered to Shareholders by the Corporation with the notice of the Meeting and return it to the Corporation’s transfer agent, Computershare Trust Company of Canada, in accordance with the instructions set out therein. In order to be valid and acted upon at the Meeting, proxies must be received by Computershare Trust Company of Canada not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. If a Shareholder receives more than one form of proxy because such Shareholder owns Common Shares registered in different names or addresses, each form of proxy should be completed and returned. Shareholders are cautioned that the use of the mails to transmit proxies is at each Shareholder's risk. *If you are a non-registered shareholder of the Corporation and receive materials for the Meeting through your broker, or through another intermediary, please complete and return the required materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your Common Shares not being eligible to be voted by proxy at the Meeting. See “Non-Registered Holders.”*

The persons named in the form of proxy delivered by the Corporation with the notice of the Meeting are directors and/or officers of the Corporation. Each Shareholder has the right to appoint a proxy holder other than the persons so designated, who need not be a Shareholder, to attend and to act for such Shareholder and on such Shareholder’s behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided.

Revocability of Proxy

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof.

A Shareholder who has submitted a proxy may revoke it by depositing an instrument in writing (which includes another proper form of proxy with a later date) executed by the Shareholder or by the Shareholder's attorney authorized in writing to the Corporation’s transfer agent, Computershare Trust Company of Canada, in accordance with the instructions set out in the form of proxy delivered to Shareholders by the Corporation with the notice of the Meeting not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. If a Shareholder appoints a proxy holder and submits their voting instructions via the internet and subsequently wishes to change their appointment or their voting instructions, the Shareholder may resubmit their proxy and/or voting instructions via the internet provided it is completed not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. The most recently submitted proxy received within the time frame above, will be recognized as the only valid proxy, all previous proxies submitted will be disregarded.

Further, if a Shareholder who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such Shareholder may revoke the proxy at the Meeting and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or such Shareholder's attorney authorized in writing at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

Non-Registered Holders

Only registered Shareholders of the Corporation or duly appointed proxy holders are permitted to vote at the Meeting. Most Shareholders of the Corporation are “non-registered” shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. A person is not a registered Shareholder (a “**Non-Registered Holder**”) in respect of Common Shares which are held on behalf of that person but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency such as the Canadian Depository of Securities Limited (“**CDS**”), of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners (“**NOBOs**”). Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners (“**OBOs**”).

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has elected to send copies of the required materials for the Meeting including a notice of the Meeting, this Management Information Circular and a form of proxy or voting instruction form (“**VIF**”) (collectively, the “**Meeting Materials**”) directly to the NOBOs, and indirectly at the expense of the Corporation through Intermediaries to the OBOs.

Intermediaries will frequently use service companies to forward the Meeting Materials to OBOs. Generally, an OBO who has not waived the right to receive Meeting Materials will either:

- be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the OBO and must be completed, but not signed by the OBO and deposited with Computershare; or
- more typically, be given a VIF which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

The Meeting Materials are being sent to both registered Shareholders and Non-Registered Holders. If a Non-Registered Holder receives the Meeting Materials from the Corporation or its agent, that Non-Registered Holder's name and address and information about his or her holdings of securities has been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on the Non-Registered Holder's behalf. By choosing to send the Meeting Materials to the Non-Registered Holder directly, the Corporation (and not the Intermediary holding on the Non-Registered Holder's behalf) has assumed responsibility for (a) delivering the Meeting Materials to the Non-Registered Holder, and (b) executing the Non-Registered Holder's proper voting instructions. Non-Registered Holders are kindly asked to return their voting instructions as specified in the request for voting instructions.

The Meeting Materials sent to NOBOs who have not waived the right to receive the Meeting Materials are accompanied by a VIF instead of a form of proxy. By returning the VIF in accordance with the instructions noted thereon, a NOBO is able to instruct the voting of the Common Shares owned by it. VIFs, whether provided by the

Corporation or by an Intermediary, should be completed and returned in accordance with the specific instructions noted thereon. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own.

Should a Non-Registered Holder who received a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or his or her nominee, the right to attend and vote at the Meeting.

Non-Registered Holders should return their voting instructions as specified in the VIF. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.

Persons Making the Solicitation

This solicitation of proxies for the Meeting is made on behalf of the management of the Corporation. Solicitation of proxies will be primarily by mail, but some proxies may be solicited at a nominal cost personally or by telephone, facsimile transmission or other electronic means by directors, officers, or employees of the Corporation who will not be specifically remunerated for such activities. The cost of solicitation will be borne by the Corporation.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements may be made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

Exercise of Discretion by Proxy

The Common Shares represented by the form of proxy delivered to Shareholders by the Corporation with the notice of the Meeting will be voted or withheld from voting in accordance with the instructions of the Shareholder. The persons appointed under the form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the proxy and notice of meeting delivered by the Corporation to the Shareholders and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof, in accordance with their best judgement. As of the date of this Management Information Circular, the management of the Corporation knew of no such amendment, variation, or other matter.

Unless otherwise specified, proxies in the accompanying form will be voted in favour of:

- 1. fixing the number of directors to be elected at the Meeting to be not more than 7;**
- 2. the election of the nominees, hereinafter set forth, as directors of the Corporation (provided that in the event that a vacancy among such nominees occurs because of death or for any other reason prior to the Meeting, proxies shall not be voted with respect to such vacancy); and**
- 3. re-appointing KPMG LLP as auditors of the Corporation.**

INFORMATION CONCERNING THE CORPORATION

Date of Information

Unless otherwise noted, the information provided in this Management Information Circular is given as of March 11, 2014.

Voting Rights, Record Date, Quorum and Principal Shareholders

As at March 11, 2014, 15,032,122 Common Shares of the Corporation were issued and outstanding, each such Common Share carrying the right to one vote on a ballot at the Meeting.

The Board of Directors (the “**Board**”) of the Corporation has fixed the record date for the Meeting at the close of business on March 4, 2014 (the “**Record Date**”). Only Shareholders of the Corporation of record as at that date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares owned as at the Record Date, unless any such Shareholder transfers such Shareholder’s Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not later than 10 days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

A quorum for the transaction of business at the Meeting is not less than two (2) Shareholders present in person or represented by proxy holding or presenting not less than twenty-five per cent (25%) of the votes attaching to all Common Shares entitled to be voted at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at March 11, 2014 no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation except as set out below:

<u>Shareholder</u>	<u>Number of Common Shares</u>	<u>Percentage of Common Shares</u>
Peter Lacey	3,228,242	21.5%

Executive Compensation

Compensation Discussion and Analysis

Human Resources and Compensation Committee

The Board has established a Human Resources and Compensation Committee of the Board and has developed its mandate which sets out the objectives, functions and responsibilities of the Human Resources and Compensation Committee. Each year the Human Resources and Compensation Committee reviews and assesses the performance and compensation of the Corporation’s executive officers and makes recommendations to the Board with respect to the current and future compensation payable to such executive officers. The Human Resources and Compensation Committee also periodically evaluates the compensation system for the Corporation’s executive officers and makes recommendations to the Board with respect to strengthening pay for performance. In addition, the Human Resources and Compensation Committee annually reviews succession planning for the Corporation’s executive officers, including development and monitoring of executive officers, and makes recommendations to the Board on such succession planning. The Human Resources and Compensation Committee is also responsible for, among other items, periodically reviewing the adequacy and form of compensation of directors and for making recommendations to the Board on such compensation. The Human Resources and Compensation Committee, and the Board, considers the time commitment, risks and responsibilities of directors and takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

The Human Resources and Compensation Committee is currently composed of Gary Wayne Harris, Steven M. Collicutt and Larry Benke, all of whom are independent Board members under National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as determined by the Board (see “Information Respecting the Corporation – Statement of Corporate Governance Practices – Independence”), and the Board feels that the Human Resources and Compensation Committee conducts its activities in an objective manner. Human Resources and Compensation Committee members have experience acting in senior management roles for various companies throughout their business careers (see “Information Concerning the Corporation – Directors of the Corporation”), including oversight for performance, compensation and succession planning with respect to executive officers.

Objectives and Design

The overall objectives of the program are to:

- attract and retain qualified executives critical to the success of the Corporation;
- provide fair and competitive compensation;
- integrate compensation with the Corporation's business plans;
- align the interests of management with those of Shareholders; and
- reward performance.

To achieve these objectives, the Corporation targets executive compensation opportunities at approximately the median based on a universe of comparable companies. The last formal comparison of the Corporations' executive compensation with this universe of comparable companies was completed during the 2011 calendar year. The primary data source was a peer group of relevant publicly traded companies. The peer group was established by identifying companies which were publicly traded, headquartered in Canada, with primary business activities in equipment and/or leasing, and within a revenue band comparable to the Corporation (roughly half to double that of the Corporation). The selection criterion was determined based on the size, scope and location of companies which operate in the same or a similar executive talent market to that of the Corporation. Based on the criteria, the peer group included Uni-Sélect Inc., Wajax Corporation, Strongco Corporation, Rocky Mountain Dealerships Inc., AutoCanada Inc. and Canadian Equipment Rental Fund Limited Partnership (this last company is a previous issuer to CERF Incorporated). As a secondary source for executive compensation information, the Human Resources and Compensation Committee considered data from a compensation survey of a broad range of Canadian companies. Information from the peer group was the primary reference point for benchmarking the compensation of each of the Corporation's executive officers and the other data was used as a secondary source of comparison. The Human Resources and Compensation Committee considered both company size and scope of roles when evaluating and applying market data from the peer group.

Executive Compensation Components

The Corporation's program of executive compensation is designed on a pay-for-performance philosophy and consists of four components as set out below:

- a base salary;
- a short term incentive plan (the "STIP") under which an annual bonus payable in cash is earned upon the achievement of pre-determined annual corporate performance, divisional performance and stakeholder satisfaction objectives;
- a mid-term incentive plan (the "MTIP") payable in performance share units ("PSUs") upon the achievement of multi-year revenue targets (in three year periods) based on long term business objectives; and
- a deferred share plan (the "Deferred Share Plan" or "DSP") which encourages alignment between executive officers and shareholders by allowing participants to defer receipt of payment of a portion of the cash STIP payment, and instead receive deferred shares ("Deferred Shares") under the Deferred Share Plan (see "Equity Compensation Plan Information – Deferred Share Plan") with the Corporation matching up to \$50,000 of such contribution by an executive officer in any one year. The matched component typically vests 50% at the end of third year following grant, and 25% in each of the fourth and fifth year following grant.

Compensation Mix and Performance Metrics for Named Executive Officers

In determining the specific forms, mix and quantum of compensation payable to the Corporation's executive

officers, the Human Resources and Compensation Committee considers the input it received from the compensation consultant it retained in 2011 and input it receives from the Corporation's executive officers as well as the needs of the Corporation and the skills and experience of each of the Corporation's executive officers.

For each of the Corporation's executive officer's, the Human Resources and Compensation Committee determines the target direct compensation that can be earned in a particular year and the percentage of such compensation to be derived from each of the four main components of the Corporation's executive compensation program. The Human Resources and Compensation Committee also determines the performance metrics to be used for the STIP and the MTIP and relative weightings of each such performance metric within the STIP and the MTIP. And for each performance metric, the Human Resources and Compensation Committee establishes thresholds, targets and stretch targets for payment under the STIP and the MTIP.

Notwithstanding the foregoing or the discussion below, (a) no bonus will be paid to any executive officer unless the Corporation is profitable and (b) the payment of any incentive bonus and the manner in which the calculation of such bonus is made will always remain at the discretion of the Board and based on the best interest of the Corporation.

Base Salary

The base salary of each executive officer is determined by an assessment by the Human Resources and Compensation Committee of his or her sustained performance and consideration of competitive compensation levels for the markets in which the Corporation operates. The Human Resources and Compensation Committee also considers the particular skills and experience of the individual. A final determination on executive compensation, including salary, is made by the Human Resources and Compensation Committee in its sole discretion based on its knowledge of the industry and geographic markets in which the Corporation operates.

Short Term Incentive Plan

The 2013 target STIP payments and performance measure weightings for the Corporation's executive officers are provided in the table below. Generally speaking, 70% of each executive officer's STIP payout is based on the achievement of certain objective financial targets while the remaining 30% of each executive officer's STIP payout is based on the achievement of certain subjective stakeholder satisfaction targets such as employee, customer and equipment manufacturer satisfaction, in each case as established by the Human Resources and Compensation Committee. Payouts under the STIP range from 0.25x the target payment if the threshold performance level is reached to up to 1.0x the target payment if the target performance level is reached to up to 2.0x the target payment if the stretch performance level is reached (for the CEO, 1.5x target payment if the stretch performance level is reached).

Notwithstanding the foregoing, the payment of these bonuses is subject to the discretion of the Board as to whether or not the particular performance criteria have been satisfied. In determining whether or not to pay a bonus the Board considers all of the information available to it at the time of such determination including, but not limited to, the specific performance criteria established at the beginning of the year, other relevant factors affecting performance that arose since that time, general market and economic conditions, and the performance of each particular executive officer in light of the foregoing. Further, the Board retains the discretion to pay an additional or alternative cash bonus to any executive officer in circumstances that the Board determines warrants such payment.

Name and Principal Position	Minimum	Threshold	Target	Maximum	Performance Measure Weightings		
					Corporate Performance	Divisional Performance	Stakeholder Satisfaction ⁽¹⁾
Executive Chairman	25% of CEO STIP	25% of CEO STIP	25% of CEO STIP	25% of CEO STIP	70%	0%	30%

Name and Principal Position	Minimum	Threshold	Target	Maximum	Performance Measure Weightings		
					Corporate Performance	Divisional Performance	Stakeholder Satisfaction ⁽¹⁾
President and Chief Executive Officer	0%	15.0%	60%	90%	70%	0%	30%
Chief Financial Officer	0%	10%	40%	80%	70%	0%	30%
Vice President of Operations - Agricultural Equipment	0%	10%	40%	80%	35%	35%	30%
Vice President of Operations – Commercial and Industrial Equipment	0%	10%	40%	80%	35%	35%	30%

The 2013 corporate performance and divisional performance objectives used to determine the financial targets portion of STIP payouts to the Corporation's executive officers are provided in the table below.

Performance Metric	% of Potential STIP Payout	2013 Threshold	2013 Target	2013 Max	2013 Result
<u>CEO</u>					
Corporate Performance	70%				
Pre-tax EPS ⁽¹⁾	35.0%	\$1.74	\$2.49	\$2.73	\$2.14
Pre-tax ROA ⁽²⁾	35.0%	9.45%	13.5%	14.9%	13%
Stakeholder Satisfaction	30%				
Customer net promoter score	10%	44%	50%	54%	50%
Market share factor	10%	-2%	1%	10%	8%
Employee satisfaction index	10%	70%	75%	80%	72%
<u>CFO</u>					
Corporate Performance	70%				
Pre-tax EPS ⁽¹⁾	35.0%	\$1.74	\$2.49	\$2.73	\$2.14
Pre-tax ROA ⁽²⁾	35.0%	9.45%	13.5%	14.9%	13%

Performance Metric	% of Potential STIP Payout	2013 Threshold	2013 Target	2013 Max	2013 Result
Stakeholder Satisfaction	30%				
Customer net promoter score	10%	44%	50%	54%	50%
Market share factor	10%	-2%	1%	10%	8%
Employee satisfaction index	10%	70%	75%	80%	72%
<i><u>Vice President of Operations - Agricultural Equipment</u></i>					
Corporate Performance	35%				
Pre-tax EPS ⁽¹⁾	35.0%	\$1.74	\$2.49	\$2.73	\$2.14
Pre-tax ROA ⁽²⁾	35.0%	9.45%	13.5%	14.9%	13%
Divisional / Dealership Performance	35%				
Division Profit ⁽³⁾	17.5%	\$19.8M	\$28.3M	\$31.1M	\$27.3M
Division Pre-tax Return on Sales ⁽⁴⁾	17.5%	4.0%	4.5%	5.5%	5.2%
Stakeholder Satisfaction	30%				
Customer net promoter score	10%	58%	61%	65%	61%
Market share factor	10%	-2%	1%	10%	7.5%
Employee satisfaction index	10%	70%	85%	84%	76%
<i><u>Vice President of Operations - Commercial and Industrial Equipment</u></i>					
Corporate Performance	35%				
Pre-tax EPS ⁽¹⁾	35.0%	\$1.74	\$2.49	\$2.73	\$2.14
Pre-tax ROA ⁽²⁾	35.0%	9.45%	13.5%	14.9%	13%
Divisional / Dealership Performance	35%				
Division Profit ⁽³⁾	17.5%	\$11.1M	\$15.9M	\$17.5M	\$14.3M
Division Pre-tax Return on Sales ⁽⁴⁾	17.5%	5.2%	6.5%	7.8%	5.0%

Performance Metric	% of Potential STIP Payout	2013 Threshold	2013 Target	2013 Max	2013 Result
Stakeholder Satisfaction	30%				
Customer net promoter score	10%	35%	43%	48%	26%
Market share factor	10%	-2%	1%	10%	8.5%
Employee satisfaction index	10%	69%	73%	75%	70%

Notes:

- (1) Pre-tax EPS means “Pre-tax Earnings Per Share” and is calculated as follows: Corporate profit before income tax expense plus other comprehensive income divided the weighted average number of Common Shares outstanding.
- (2) Pre-tax ROA means “Pre-tax Return on assets” and is calculated as follows: Pre-tax profit divided by total assets
- (3) Division Profit is calculated as follows: Division profit before allocation of corporate expenditures and add-back of the applicable VP’s bonus accrued and expensed.
- (4) Division Pre-tax Return on Sales is calculated as follows: Divisional total revenue divided by divisional profit.

Mid Term Incentive Plan

Under the MTIP, participants receive annual grants of PSU’s which pay out monetary rewards at the end of a three year performance period based on the achievement of revenue targets over that three year period as established by the Board. Payouts under the MTIP range from 0.5x the target payment if the threshold performance level is reached to up to 1.0x the target payment if the target performance level is reached to up to 1.5x the target payment if the stretch performance level is reached.

Each of the Corporation’s executive officers is eligible for an annual grant of PSUs based on a target percentage of base salary. The target percentage is currently 25% of base salary at the date of grant and the number of PSUs granted is equal to such amount divided by the closing price of the Common Shares on the first trading day of the applicable fiscal year (i.e. for PSU’s granted in 2013, the applicable price per share was \$18.65 which was the closing price of the Common Shares as traded on the Toronto Stock Exchange on January 2, 2013). The number of PSUs granted to an executive officer at target will be subject to an adjustment at the end of the three year performance period based on the revenue growth achieved during such period relative to the targets established by the Board for such period. The table below outlines the three year revenue targets for the PSUs granted in 2013 and the multiplier which will be applied to the PSUs granted at target upon payout, based on the range of revenue achievement, to determine the number of PSUs to be paid out.

	Threshold	Target	Max
2013 MTIP Grant 3-year Revenue Target (in millions)	\$750	\$823	\$1,028
Performance Multiplier (multiple of target)	0.5x	1.0x	1.5x

PSUs vest and are paid out at the end of the applicable three-year performance period, together with dividends that otherwise would have been paid (“**DRIP**”) on the PSUs had they been granted. If targets are not met, there is the potential for no payouts. If targets are exceeded, payouts may be as much as, but not more than, 1.5x the initial grant value. The value of the final PSU payout will be equal to the adjusted number of PSUs multiplied by the closing price of the Common Shares on the last trading day of the applicable fiscal year at the end of the three year performance period.

Note that the performance targets for the 2013 PSU awards are used for compensation purposes only and are not

suitable for any other purpose. There is no assurance that any performance level will be met. The targets may also constitute forward-looking information. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, any of which are beyond the Corporation's control, which could cause actual results to differ materially from the performance targets mentioned herein. Please see the "Risk Factors" section of the Corporation's annual information form dated March 11, 2014, which section is hereby specifically incorporated by reference herein, for management's discussion of the risks facing the Corporation and that may therefore affect the Corporation's ability to achieve the performance targets referred to herein.

Risks Related to Compensation Policies and Practices

The Human Resources and Compensation Committee is committed to regularly assessing the risks associated with executive officer compensation practices. Below are some of the executive officer compensation practices and design elements which contribute to managing compensation related risk.

- Roles and processes of the Human Resources and Compensation Committee and Board:
 - The Human Resources and Compensation Committee is comprised entirely of independent directors.
 - The Human Resources and Compensation Committee reviews and recommends to the Board on compensation matters affecting the CEO and direct reports, as well as significant compensation / benefit programs for executive officers and other senior management generally.
 - The Human Resources and Compensation Committee from time to time retains an independent advisor.
 - Compensation matters recommended by the Human Resources and Compensation Committee require approval by the full Board.
 - The Board ultimately reserves the right to apply discretion prior to finalizing incentive payouts to ensure that payouts are appropriate given all relevant circumstances/factors.

- Pay for performance alignment:
 - The Human Resources and Compensation Committee regularly reviews the incentive compensation design and pay for performance alignment for executive officers and other senior management, including the measures and targets used, and the projected payout results based on a range of performance outcomes.
 - The STIP and the MTIP are each designed to reward company goals and are closely aligned with multi-year business plans.
 - The incentive plans use a variety of metrics, including annual financial and non-financial objectives, and multi-year financial objectives.
 - The MTIP measures performance over three years; the Deferred Share Plan is linked with share price performance from the grant date until the executive's departure and amounts matched upon deferral vest over five years.
 - A significant component (between 30% and 55%) of the executive officers short-term incentive compensation is deferred and subject to volatility with the Company's share price.
 - Incentive compensation is capped to avoid excessive risk-taking.

- Other policies:
 - The STIP design provides an opportunity for executives to defer annual STIP payouts into Deferred Shares with the Corporation matching up to \$50,000 in additional Deferred Shares. This program has proven to be successful in encouraging share ownership among executives.

The Human Resources and Compensation Committee views the Corporation's executive compensation policies and practices as generally having the effect of mitigating, rather than incentivizing, unreasonable risks. As such the Human Resources and Compensation Committee does not regard any aspects of the compensation program as likely to have a material adverse effect on the Corporation.

Guarantee Fees

One of the Corporation's major business lines is the operation of several John Deere dealerships. Consequently,

John Deere requires that certain directors and executive officers of the Corporation sign personal guarantees to guarantee the debts of the Corporation to John Deere. As an incentive, the Corporation pays an annual fee of 3% of the value of the guarantee to the guarantors. This is not considered to be part of the Corporation's executive compensation program but rather is compensation to those directors and executive officers for the risk that they are taking for the benefit of the Corporation.

Perquisites and Personal Benefits

Perquisites and personal benefits provided to senior management reflect competitive practices and particular business needs. Generally speaking, they are not a significant component of the Corporation's executive compensation program.

Retirement Policy

The Corporation does not have a retirement policy for its executive officers.

Hedging

Pursuant to the Corporation's insider trading policy, the Corporation's executive officers and directors are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of the Corporation's Common Shares, or securities convertible into the Corporation's Common Shares, granted as compensation or held, directly or indirectly, by the executive officer or director.

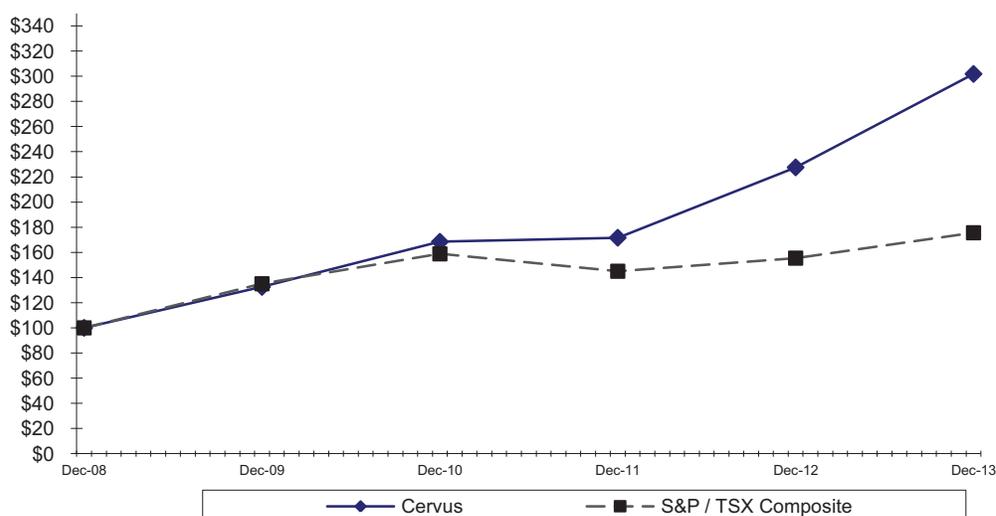
Review / Modifications

The Corporation's executive compensation program is reviewed and considered at least annually by the Human Resources and 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 each of the four basic components of the Corporation's executive compensation program as well as 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 agricultural and industrial equipment market, stock market and general economic conditions. In completing this review, the Human Resources and Compensation Committee considers the recommendations of management and the Chief Executive Officer in particular as well as any compensation consultant that may have been retained by the Human Resources and Compensation Committee, the Board or management on behalf of the Corporation, and provides a recommendation to the Board. Upon completion of that review, the Board then approves the executive compensation program, including the individual components thereof, subject to any modifications it deems necessary.

From time to time adjustments to the Corporation's executive compensation program may be necessary to respond to changing market conditions. All compensation decisions are subject to Board judgment. As market conditions, and therefore the short-term focus of the Corporation, are dynamic, the directors and management of the Corporation recognize that the Corporation's executive compensation program must remain flexible so as to respond to changing market conditions and the possible need to modify, add or delete performance metrics used so as to keep the Corporation's executive officers appropriately incentivized and focused on the long-term interests of the Corporation.

Performance Graph

The following graph, and the table below it, compares the cumulative total Shareholder return on the Common Shares of the Corporation (including the return on the units of the Corporation's predecessor, Cervus LP, with the cumulative total return of the S&P/TSX Composite Index for the five-year period ending December 31, 2013⁽¹⁾⁽²⁾.



	<u>31-Dec-08</u>	<u>31-Dec-09</u>	<u>31-Dec-10</u>	<u>31-Dec-11</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>
Cervus	\$100.00	\$132.55	\$168.44	\$171.65	\$227.55	\$301.82
S&P / TSX Composite	\$100.00	\$135.05	\$158.83	\$145.00	\$155.42	\$175.61

Notes:

- (1) Adjusted to reflect the conversion of Cervus LP into a corporation, i.e. Cervus Equipment Corporation, pursuant to a court-approved plan of arrangement under section 192 of the Canada Business Corporations Act that became effective on October 22, 2009 and also adjusted to reflect the three Common Shares for two Cervus LP units stock split which occurred pursuant to that plan of arrangement. The conversion was accounted for as a continuity of interests of Cervus LP since there was no change of control and since Cervus Equipment Corporation continued to operate the business of Cervus LP.
- (2) Assumes that the initial value of the investment in Common Shares (i.e. original units of Cervus LP) on the applicable exchange was \$100 at the close of trading on December 31, 2008. Values include distributions payable but exclude brokerage fees and all income taxes.

Trends

The trend shown by the above performance graph is an overall increase in the total Shareholder return for the Corporation over the last 5 years. This is similar to the trend in total executive compensation paid by the Corporation over the last five financial years.

Three Year Summary Compensation Table

The following table summarizes the annual compensation earned for the three most recently completed financial years of the Corporation by each of the Corporation's executive officers for whom disclosure is required in this Management Information Circular by applicable Canadian securities laws (collectively, the "Named Executive Officers").

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u> (\$)	<u>Share-Based Awards</u> ⁽¹⁾ (\$)	<u>Option-Based Awards</u> (\$)	<u>Non-Equity Incentive Plan Compensation</u> ⁽²⁾ (\$)	<u>All Other Compensation</u> ⁽³⁾ (\$)	<u>Total Compensation</u> ⁽⁴⁾⁽⁵⁾ (\$)
Peter Lacey, Executive Chairman ⁽⁶⁾	2013	100,000	25,000	-	284,334	53,280	462,614
	2012	175,000	25,000	-	68,274	50,519	318,793
	2011	325,000	50,000	-	228,031	45,782	648,813

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u> (<u>\$</u>)	<u>Share-Based Awards</u> ⁽¹⁾ (<u>\$</u>)	<u>Option-Based Awards</u> (<u>\$</u>)	<u>Non-Equity Incentive Plan Compensation</u> ⁽²⁾ (<u>\$</u>)	<u>All Other Compensation</u> ⁽³⁾ (<u>\$</u>)	<u>Total Compensation</u> ⁽⁴⁾⁽⁵⁾ (<u>\$</u>)
Graham Drake, President & Chief Executive Officer ⁽⁶⁾	2013	381,158	50,000	-	390,394	55,667	877,218
	2012	306,667	50,000	-	273,097	48,977	678,741
	2011	228,000	50,000	-	165,746	42,776	486,522
Randall Muth, Chief Financial Officer	2013	269,212	50,000	-	298,942	54,466	672,620
	2012	250,000	50,000	-	167,742	46,661	514,403
	2011	238,000	50,000	-	171,982	39,714	499,696
Cal Johnson, Vice President of Operations - Agricultural Equipment Division ⁽⁶⁾	2013	233,322	50,000	-	153,942	50,800	488,064
	2012	191,120	50,000	-	146,674	43,020	430,814
	2011	163,159	50,000	-	110,453	35,491	359,103
John Higgins, Vice President of Operations - Commercial and Industrial Equipment Division	2013	250,643	50,000	-	260,204	18,539	579,386
	2012	235,000	50,000	-	158,493	13,311	456,804
	2011	221,400	50,000	-	156,982	8,089	436,471

Notes:

- (1) Represents the Deferred Shares issued by the Corporation in matching the contribution of the Named Executive Officer to the Deferred Share Plan (up to a maximum of \$50,000 of matched Deferred Shares per year) but does not include the Deferred Shares issued upon the election of the Named Executive Officer to defer a portion of the cash payment otherwise payable under non-equity incentive plans. The Deferred Shares are granted as approved by the board of directors based on 95% of the 10-day average price of the Corporation's Common Shares prior to the date of grant. The matched component of the Deferred Shares vest over a period of 5 years (50% after 3 years, 25% after 4 years and 25% after 5 years) and is recorded as selling, general and administrative expense as it vests. For further information on the Deferred Share Plan, see "Information Concerning the Corporation – Equity-Related Compensation Plan Information – Deferred Share Plan".
- (2) Represents amounts earned by the Named Executive Officer pursuant to non-equity incentive plans including the Officer's portion of contribution to the Deferred Share Plan.
- (3) With respect to "All Other Compensation":
- (a) One of the Corporation's major business lines is the operation of several John Deere dealerships. Consequently, John Deere requires that certain directors and executive officers of the Corporation sign personal guarantees to guarantee the debts of the Corporation to John Deere. As an incentive, the Corporation pays an annual fee of 3% of the value of the guarantee to the guarantors. The figures in this column include the following guarantee fees to the Named Executive Officers:
- (i) For Peter Lacey, \$37,800 in each year.
 - (ii) For Graham Drake, \$21,000 in each year.
 - (iii) For Randall Muth, \$7,500 in each year.
 - (iv) For Cal Johnson, \$7,500 in each year.
 - (v) For John Higgins, \$nil in each year.
- (b) Pursuant to the Deferred Share Plan, whenever cash dividends are paid on the Common Shares, additional Deferred Shares are credited to the participant's Deferred Share account. The figures in this column include the following additional Deferred Shares issued to Named Executive Officers for this purpose:
- (i) For Peter Lacey, \$7,982 in 2011, \$12,719 in 2012 and \$15,480 in 2013.
 - (ii) For Graham Drake, \$21,777 in 2011, \$27,977 in 2012 and \$34,667 in 2013.
 - (iii) For Randall Muth, \$32,214 in 2011, \$39,161 in 2012 and \$46,966 in 2013.
 - (iv) For Cal Johnson, \$27,991 in 2011, \$35,520 in 2012 and \$43,300 in 2013.
 - (v) For John Higgins, \$8,089 in 2011, \$13,311 in 2012 and \$18,539 in 2013.

- (c) For this purpose, the Deferred Shares are valued based on market value of the underlying Common Shares on the date that the participant is entitled to receive the additional Deferred Shares. For further information on the Deferred Share Plan, see “Information Concerning the Corporation – Equity-Related Compensation Plan Information – Deferred Share Plan”.
- (4) Perquisites, other than those reflected in the “Other Compensation” figures, have not been included as they do not reach the prescribed threshold of the lesser of \$50,000 and 10% of the total base salary of the Named Executive Officer for the indicated financial year.
- (5) Represents the aggregate of all annual compensation paid in cash as well as all non-cash compensation paid for the indicated financial year. For further clarity, total compensation does not represent only cash compensation but all compensation paid to the Named Executive Officer for the indicated financial year.
- (6) Mr. Lacey has been the Executive Chairman of the Corporation since April 2012. Prior thereto, Mr. Lacey was the President and Chief Executive Officer of the Corporation, and its predecessor entities, from 1998 to April 2012. Mr. Drake has been the President and Chief Executive Officer of the Corporation since April 2012. Prior thereto, Mr. Drake was the Vice President of Operations – Agricultural Equipment Division of the Corporation, and its predecessor entities, from 2005 until April 2012. Mr. Johnson has been Vice President of Operations – Agricultural Equipment Division of the Corporation, and its predecessor entities, since April 2012. Prior thereto, he was the General Manager of the Agro Division of the Corporation, and its predecessor entities, from 2000 until April 2012.

Termination and Change of Control Benefits

Each Named Executive Officer, other than Peter Lacey, has an employment contract that provides for the following:

1. If the Named Executive Officer is terminated other than for cause, the Named Executive Officer will be entitled to receive an amount equal to the higher of:
 - a. The Named Executive Officer’s base salary for the last preceding 18-month period prior to the date of termination; or
 - b. The Named Executive Officer’s current annual base salary; and
 - i. medical and dental benefits during the bridging term at the same level of coverage received prior to termination; and
 - ii. any earned bonus pro-rated to the date of termination;

combined with payment for accrued vacation entitlement.

The above compensation is intended to assist the Named Executive Officer in bridging to other employment and therefore will be paid monthly until the earlier of; the date the Named Executive Officer finds other suitable employment; or for a period of eighteen (18) months, at which point the payments and benefits stop. In the event the Named Executive Officer finds other suitable employment prior to the expiry of eighteen (18) months the Corporation will pay the Named Executive Officer fifty (50%) percent of any unpaid amounts relating to either of the items referred to above that he would have otherwise been eligible to receive for the unexpired period.

2. In the event of a change of the ownership or control of the Corporation resulting in an event or series of events that within a 18 month period after the effective date of such change results in the change of the majority of the board of directors (a “Change in Control”), and the Named Executive Officer is terminated by the Corporation other than for cause, the Named Executive Officer will be entitled to receive a lump sum payment of an amount equal to the higher of:
 - a. The Named Executive Officer’s base salary for the last preceding 18-month period prior to the date of termination; or
 - b. The Named Executive Officer’s current annual base salary and any earned bonus prorated to the date of termination;

plus health and dental benefits for 18 months or until other employer benefits are supplied and combined with payment in lieu of accrued vacation entitlement.

- Further, in the event of a Change in Control, the Named Executive Officer shall be entitled to elect to terminate the Named Executive Officer's employment agreement and receive the payment provided for in (b) above should such Named Executive Officer's position, duties and/or responsibilities be materially adversely changed or modified so that the resulting employment conditions, as a whole, are materially adverse to the employment conditions provided for in the Named Executive Officer's employment agreement.

Outstanding Share-Based Awards

The following table indicates for each Named Executive Officer all Common Share-based awards outstanding at the end of the most recently completed financial year pursuant to the Corporation's Deferred Share Plan.

<u>Name</u>	<u>Deferred Share Plan Share-Based Awards⁽¹⁾</u>		<u>Market or Payout Value of Vested Share Based Awards Not Paid Out or Distributed⁽²⁾</u>
	<u>Number of Shares That Have Not Vested</u>	<u>Market or Payout Value of Share Awards That Have Not Vested⁽²⁾</u>	
Peter Lacey	5,628	\$134,565	\$370,157
Graham Drake	11,191	\$267,566	\$932,753
Randall Muth	11,703	\$279,811	\$1,309,581
Cal Johnson	11,726	\$280,358	\$1,193,059
John Higgins	10,672	\$255,157	\$434,935

Notes:

- Represents the Deferred Shares issued by the Corporation whether upon the election of the Named Executive Officer to defer a portion of the cash payment otherwise payable under non-equity compensation plans or upon the Corporation matching that contribution. For further information on the Deferred Share Plan, see "Information Concerning the Corporation – Equity-Related Compensation Plan Information – Deferred Share Plan".
- Based on the market value of the underlying Common Shares as at December 31, 2013 which was \$23.91 per share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table indicates for each Named Executive Officer the value of all indicated compensation awards that vested during the most recently completed financial year.

<u>Name</u>	<u>Option-Based Awards – Value Vested During The Year⁽¹⁾</u>	<u>Share-Based Awards – Value Vested During The Year⁽²⁾</u>	<u>Non-Equity Annual Incentive Plan Compensation – Value Earned During The Year⁽³⁾</u>
	Peter Lacey	-	\$50,338
Graham Drake	-	\$137,404	\$390,394
Randall Muth	-	\$152,011	\$298,942
Cal Johnson	\$140,615	\$142,642	\$153,942
John Higgins	-	\$102,056	\$260,204

Notes:

- Represents the value of options issued by the Corporation pursuant to the Option Plan that have vested during the year. For this purpose, the options are valued on the date of vesting based on the market value of the underlying Common

Shares on that date. For further information on the Option Plan, see “Information Concerning the Corporation – Equity-Related Compensation Plan Information – Option Plan”.

- (2) Represents the Deferred Shares issued by the Corporation whether upon the election of the Named Executive Officer to defer a portion of the cash payment otherwise payable under non-equity compensation plans or upon the Corporation matching that contribution. For this purpose, the Deferred Shares are valued on the date of vesting based on the market value of the underlying Common Shares. For further information on the Deferred Share Plan, see “Information Concerning the Corporation – Equity-Related Compensation Plan Information – Deferred Share Plan”.
- (3) Represents amounts earned by the Named Executive Officer pursuant to the non-equity incentive plans including any portion deferred into the Deferred Share Plan.

Director Compensation

General

The directors, other than any director who is an employee of the Corporation or its subsidiaries, are entitled to compensation for their services rendered to the Corporation in their capacities as directors of the Corporation.

The following table summarizes the annual fees paid to the directors of the Corporation, other than any director who is also a Named Executive Officer, by the Corporation for their services as directors of the Corporation during the 2013 financial year. The table also summarizes the anticipated annual fees to be paid to the directors for such services for the 2014 financial year.

<u>Item</u>	<u>2013 Fee</u>	<u>2014 Fee</u>
Member of Board ⁽¹⁾	\$28,000	\$30,000
Member of Audit Committee (except Chair)	Plus \$3,000	Plus \$3,000
Member of Human Resources and Compensation Committee (except Chair)	Plus \$3,000	Plus \$3,000
Member of the Governance Committee (except Chair)	Plus \$3,000	Plus \$3,000
Lead director	\$0	Plus \$4,000
Chair of Audit Committee	Plus \$6,000	Plus \$6,000
Chair of Human Resources and Compensation Committee	Plus \$4,000	Plus \$4,000
Chair of the Governance Committee	Plus \$4,000	Plus \$4,000
Executive Chairman of the Board ⁽²⁾	\$100,000	\$100,000

Notes:

- (1) The directors, other than the Executive Chairman of the Board, are also eligible for a match of 50% of the base annual retainer on a one for one basis if paid by way of Deferred Shares.
- (2) The Executive Chairman of the Board is not to receive any other fees other than \$100,000 in annual compensation with \$25,000 deferred match availability and bonus eligibility at 25% of the CEO bonus eligibility entitlement.

The directors are also entitled to be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the directors or any committee thereof or otherwise incurred by them in connection with their services as directors.

Director Compensation Table

The following table sets forth all compensation earned for the most recently completed financial year of the Corporation by each of the directors of the Corporation, other than the Named Executive Officers, in their capacities as directors of the Corporation.

<u>Name</u> ⁽¹⁾	<u>Fees Earned</u> ⁽²⁾	<u>Share-Based Awards</u> ⁽³⁾	<u>Option-Based Awards</u>	<u>Non-Equity Incentive Plan Compensation</u>	<u>All Other Compensation</u> ⁽⁴⁾	<u>Total</u>
Steven M. Collicutt	\$35,000	\$14,000	-	-	\$4,943	\$53,943
Gary Wayne Harris	\$37,000	\$14,000	-	-	\$4,731	\$55,731
Larry Benke	\$34,000	\$14,000	-	-	\$1,775	\$49,775
Don Bell	\$35,000	\$14,000	-	-	\$4,323	\$53,323
Angela Lekatsas	\$5,677	\$ 2,838	-	-	\$ -	\$ 8,515

Notes:

- (1) Peter Lacey, the Executive Chairman of the Corporation, and Graham Drake, the President and CEO of the Corporation, are also directors of the Corporation. For a summary of the compensation paid by the Corporation to Mr. Lacey and Mr. Drake, see “Information Concerning the Corporation - Executive Compensation”.
- (2) Represents the cash amounts earned by the director for director fees including any portion deferred into the Deferred Share Plan.
- (3) Represents the Deferred Shares issued by the Corporation in matching the contribution of the director to the Deferred Share Plan (i.e. directors may elect to be paid up to one hundred percent (100%) of their director fees in the form of Deferred Shares) but does not include the Deferred Shares issued upon the election of the director to defer a portion of the cash payment otherwise earned by the director for director fees. For this purpose, the Deferred Shares issued are valued based on the grant date fair value of the award. For further information on the Corporation’s Deferred Share Plan, see “Information Concerning the Corporation – Equity-Related Compensation Plan Information – Deferred Share Plan”.
- (4) Pursuant to the Deferred Share Plan, whenever cash dividends are paid on the Common Shares, additional Deferred Shares are credited to the participant’s Deferred Share account. The figures in this column include the value of the additional Deferred Shares issued to directors in these circumstances. For this purpose, the Deferred Shares are valued based on market value of the underlying Common Shares on the date that the participant is entitled to receive the additional Deferred Shares. For further information on the Deferred Share Plan, see “Information Concerning the Corporation – Equity-Related Compensation Plan Information – Deferred Share Plan”.
- (5) Angela Lekatsas was appointed to the Board September 30, 2013.

Outstanding Share-Based Awards

The following table indicates for each director, other than any director that is also a Named Executive Officer, all Common Share-based awards outstanding at the end of the most recently completed financial year pursuant to the Corporation’s Deferred Share Plan.

<u>Name</u>	<u>Deferred Share Plan Share-Based Awards</u> ⁽¹⁾		<u>Market or Payout Value of Vested Share Based Awards Not Paid Out or Distributed</u> ⁽³⁾
	<u>Number of Shares That Have Not Vested</u>	<u>Market or Payout Value of Share Awards That Have Not Vested</u> ⁽²⁾	
Steven M. Collicutt	-	-	\$172,766
Gary Wayne Harris	-	-	\$166,029
Larry Benke	-	-	\$72,519
Don Bell	-	-	\$153,140
Angela Lekatsas ⁽⁴⁾	-	-	\$5,933

Notes:

- (1) Represents the Deferred Shares issued by the Corporation whether upon the election of the director to defer a portion of the cash payment otherwise payable under non-equity compensation plans or upon the Corporation matching that contribution. For further information on the Deferred Share Plan, see “Information Concerning the Corporation – Equity-Related Compensation Plan Information – Deferred Share Plan”.
- (2) All Deferred Shares issued to directors vest 100% immediately upon the date of grant.
- (3) Based on the market value of the underlying Common Shares as at December 31, 2013 which was \$23.91 per share.
- (4) Angela Lekatsas was appointed to the Board September 30, 2013.

Equity Compensation Plan Information

The following table summarizes certain information as of March 11, 2014 regarding compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance.

<u>Plan Category</u>	Number of Shares to be issued upon exercise of outstanding options, warrants and rights <u>(a)</u>	Weighted-average exercise price of outstanding options, warrants and rights <u>(b)</u>	Number of Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <u>(c)</u>
Equity compensation plans approved by securityholders – Deferred Share Plan ⁽¹⁾	683,143	N/A	566,857
Equity compensation plans approved by securityholders – Option Plan ⁽²⁾	57,345	\$13.77	95,155
Total	740,488		662,012

Notes:

- (1) See the description under “Deferred Share Plan” below. As currently constructed, the number of Common Shares reserved for issuance pursuant to the Deferred Share Plan shall be, but shall not exceed, 1,250,000 which is approximately 8.32% of the number of Common Shares currently issued and outstanding. As at March 11, 2014, 37,931 Common Shares have been issued on the redemption of Deferred Shares issued under the Deferred Share Plan leaving 1,212,069 Common Shares remaining available for issuance. Further, as at March 11, 2014, 683,143 Deferred Shares have been issued under the Deferred Share Plan and can be redeemed for Common Shares on a one for one basis. See “Particulars of Matters to be Acted Upon - Reallocation of Shares Reserved for Equity Compensation Plans”.
- (2) See the description under “Option Plan” below. As currently constructed, the number of Common Shares reserved for issuance pursuant to the Option Plan shall be, but shall not exceed, 152,500, which is approximately 1.01% of the number of currently issued and outstanding Common Shares. As at March 11, 2014, 41,870 Common Shares have been issued pursuant to the Option Plan leaving 110,630 Common Shares remaining available for issuance. However, as at March 11, 2014, there were 57,345 options outstanding to acquire Common Shares under the Option Plan. See “Particulars of Matters to be Acted Upon - Reallocation of Shares Reserved for Equity Compensation Plans”.

Deferred Share Plan

The Board adopted a deferred share plan (the “**Deferred Share Plan**”) effective October 21, 2009, as amended, which was previously approved by the Shareholders.

The purpose of the Deferred Share Plan is to promote a greater alignment of interests between the directors, officers and employees of the Corporation and its subsidiaries and affiliates and Shareholders.

Each director, officer and employee is given the right to elect to be a participant of the Deferred Share Plan. Under the Deferred Share Plan, a director, officer or employee who elects to be a participant shall be paid up to one hundred percent (100%) of the following (the “**Elected Amount**”):

- (a) in respect of a director, the annual retainer paid by the Corporation to that director in a calendar year for service, together with committee fees, attendance fees and additional fees and retainers to committee chairs (note: the Board currently has a policy limiting the amount of the annual retainer and other fees that may be contributed to the Deferred Share Plan to \$14,000); and
- (b) in respect of an officer or employee, the annual bonus paid by the Corporation to that officer or employee in a calendar year (note: the Board currently has a policy limiting the amount of the annual bonus that may be contributed to the Deferred Share Plan to \$50,000);

in the form of Deferred Shares in lieu of cash provided that the Corporation shall match a percentage of the Elected Amount for each participant up to 100%, such percentage to be determined by the Human Resources and

Compensation Committee of the Board prior to the particular election by each participant with respect to each particular Elected Amount, such that the number of Deferred Shares issued to each participant may be equal in value to anywhere from one (1) to two (2) times the Elected Amount, depending on the percentage of the Elected Amount matched by the Corporation as determined by the Human Resources and Compensation Committee.

The number of Deferred Shares (including fractional Deferred Shares) granted at any particular time pursuant to the Deferred Share Plan will be calculated by dividing (i) the aggregate of the dollar amount of the Elected Amount allocated to the participant plus the dollar amount of the Elected Amount to be matched by the Corporation by (ii) the Market Value (as defined below) of a Common Share on the award date. “**Market Value**” at any date in respect of the Common Shares means the volume weighted average price of all Common Shares traded on the Toronto Stock Exchange for the ten trading days immediately preceding such date (or, if such Common Shares are not listed and posted for trading on the Toronto Stock Exchange, on such stock exchange on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Common Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Common Shares as determined by the Board in its sole discretion.

Under no circumstances shall Deferred Shares be considered Common Shares nor entitle a participant to any Shareholder rights, including, without limitation, voting rights, distribution entitlements (other than as set out below) or rights on liquidation. One Deferred Share is equivalent to the right to acquire one Common Share. Fractional Common Shares are permitted under the Deferred Share Plan.

Generally speaking, Deferred Shares granted to participants pursuant to the Deferred Share Plan shall vest at 50% on the third anniversary of the grant; 25% on the fourth anniversary of the grant; and 25% on the fifth anniversary of the grant.

Notwithstanding the foregoing, the Board shall have the discretion to vary the manner in which Deferred Shares vest for any participant. To date, all Deferred Shares granted members of the Board have vested immediately.

The Deferred Shares credited to a participant’s Deferred Share account shall be redeemable by the participant (or, where the participant has died, his or her estate) following an event, including termination other than for cause, retirement or death, causing the participant to be no longer a director, officer or employee of the Corporation or one of its subsidiaries (the “**Termination Date**”) or at any other time with the consent of the Human Resources and Compensation Committee. Where the participant has been terminated for cause, the Deferred Shares credited to the participant’s Deferred Share account shall be redeemable by the participant in accordance with the vesting schedule of such Deferred Shares excepting that only the Deferred Shares issued in lieu of cash with respect to the Elected Amounts of such participant (and not the Deferred Shares issued pursuant to the matching of the Corporation of such Elected Amounts) shall be deemed vested in accordance with such schedule. For greater certainty and clarity, the Deferred Shares credited to a participant’s Deferred Share Account may not be redeemed while the participant is a director, officer or employee unless the prior consent of the Human Resources and Compensation Committee is first obtained which consent may be granted or withheld by the Human Resources and Compensation Committee in its sole discretion. On the death of a participant or on the date that a participant commences employment with a competitor of the Corporation, whether full time, part time or on a contracted services basis, membership in the Deferred Share Plan is deemed to have ceased, and the Deferred Shares credited to the participant’s Deferred Share Account shall be deemed to have been redeemed as of that date. In the case of retirement of the participant, it is the current policy of the Board to allow the Deferred Shares issued pursuant to the matching of the Corporation of the Elected Amounts of the participant to continue to vest in accordance with the vesting schedule previously determined by the Board. Subject to the foregoing, the Deferred Shares credited to a participant’s Deferred Share account that have vested may be redeemable in whole or in part on the date on which the participant files a written notice of redemption with the Corporation (the “**Redemption Date**”). The participant shall receive, within five (5) Business Days after the Termination Date or Redemption Date, as applicable, a whole number of Common Shares from the Corporation equal to the whole number of Deferred Shares then recorded in the participant’s Deferred Share account, net of any applicable withholding taxes. The Corporation shall also make a cash payment, net of any applicable withholding taxes, to the participant with respect to the value of fractional Deferred Shares standing to the participant’s credit after the maximum number of whole Common Shares have been issued by the Corporation, calculated by multiplying (i) the number of such fractional Deferred Shares by (ii) the Market Value of such

fractional Deferred Shares on the Termination Date or Redemption Date, as applicable. Upon payment in full of the value of the Deferred Shares, the Deferred Shares shall be cancelled.

Whenever cash dividends are paid on the Common Shares, additional Deferred Shares will be credited to the participant's Deferred Share account. The number of such additional Deferred Shares shall be calculated by dividing (i) the amount determined by multiplying (a) the number of Deferred Shares in such participant's Deferred Share account on the record date for the payment of such dividend by (b) the dividend paid per Common Share, by (ii) 95% of the Market Value of a Common Share on the distribution payment date for such dividend, in each case, with fractions computed to two decimal places. Such additional Deferred Shares shall vest immediately.

The number of Common Shares reserved for issuance pursuant to the Deferred Share Plan shall be, but shall not exceed, 1,250,000. However, (i) at no time shall the number of Common Shares reserved for issuance to insiders of the Corporation as a group pursuant to the Deferred Share Plan, together with the number of Common Shares reserved for issuance to such persons pursuant to any other compensation arrangements, exceed 10% of the then outstanding Common Shares, as calculated immediately prior to the issuance in question; (ii) the number of Common Shares issued to insiders of the Corporation as a group pursuant to the Deferred Share Plan together with the number of Common Shares issued to such persons pursuant to any other compensation arrangements, within any one year period, shall not exceed 10% of the then outstanding Common Shares; (iii) at no time shall the number of Common Shares reserved for issuance to any one participant pursuant to the Deferred Share Plan, together with the number of Common Shares reserved for issuance pursuant to any other compensation arrangements, exceed 5% of the then outstanding Common Shares, as calculated immediately prior to the issuance in question; and (iv) the number of Common Shares issued to any one insider of the Corporation pursuant to the Deferred Share Plan together with the issuance upon any other compensation arrangements, within any one year period, shall not exceed 5% of the then outstanding Common Shares. The Deferred Share Plan also provides that a number of Common Shares equal to the number of Deferred Shares issued in accordance with the terms of the Deferred Share Plan shall be available for issuance under subsequent issuances of Common Shares under the Deferred Share Plan.

In no event may the rights or interests of a participant under the Deferred Share Plan be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon death of a participant, by will or by the laws of succession and distribution.

The administration of the Deferred Share Plan shall be subject to and performed in conformity with all applicable laws, regulations, and orders of governmental or regulatory authorities and the requirements of any stock exchange on which the Common Shares are listed. Should the Human Resources and Compensation Committee, in its sole discretion, determine that it is not desirable or feasible to provide for the redemption of Deferred Shares in Common Shares, including by reason of any such laws, regulations, rules, orders or requirements, it shall notify the participants of such determination and on receipt of such notice each participant shall have the option of electing that such redemption obligations be satisfied by means of a cash payment by the Corporation equal to the Market Value of the Common Shares that would otherwise be delivered to a participant in settlement of Deferred Shares on the redemption date (less any applicable withholding taxes).

According to the Deferred Share Plan, the Board has the power to amend, modify, suspend or terminate the Deferred Share Plan, subject to any necessary regulatory and Shareholder approvals. Subject to the receipt of any necessary regulatory or Shareholder approvals, the Board may also at any time amend or revise the terms of any Deferred Shares granted under the Deferred Share Plan from time to time. Shareholder approval will not be required for any amendment to the Deferred Share Plan or any rights granted thereunder except for any amendment or modification that:

- (a) increases the number of Common Shares reserved for issuance under the Deferred Share Plan;
- (b) increases the number of Common Shares that an Eligible Person is entitled to receive pursuant to the Deferred Share Plan other than as already provided for in the Deferred Share Plan;
- (c) extends eligibility to participate in the Deferred Share Plan to persons not currently eligible to participate;
- (d) permits Deferred Shares to be transferred other than for normal estate settlement purposes; or

- (e) permits awards, other than the issuance of Deferred Shares, to be made under the Deferred Share Plan.

Option Plan

The Corporation currently has a share option plan (the “**Option Plan**”) which has been previously approved by the Shareholders.

The Option Plan is administered by the Board, or by a special committee of the Board appointed from time to time by the Board pursuant to rules of procedure fixed by the Board. Pursuant to the terms of the Option Plan, directors, officers, consultants, employees and management company employees of the Corporation and its subsidiaries or affiliates are eligible for selection to participate in the Option Plan. The Board determines to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Common Shares to be subject to each option. The purpose of the Option Plan is to advance the interests of the Corporation by encouraging participants to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and providing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

The number of Common Shares reserved for issuance pursuant to the Option Plan shall be, but shall not exceed, 152,500. The Option Plan provides that the number of Common Shares reserved for issuance pursuant to the Option Plan in respect of all options granted to any one participant together with any other previously established or proposed share compensation arrangement of the Corporation, at any one time shall not exceed five percent (5%) of the outstanding Common Shares in the capital of the Corporation from time to time. The Option Plan also provides that the number of Common Shares that may be issued to consultants of the Corporation within a 12 month period shall not exceed two percent (2%) of the outstanding Common Shares in the capital of the Corporation from time to time. The number of Common Shares reserved for issuance pursuant to the Option Plan in respect of all options granted to all insiders (as that term is defined in the *Securities Act* (Ontario)) of the Corporation (“Insiders”), together with any Common Shares reserved for issuance to Insiders pursuant to any other previously established or proposed share compensation arrangement of the Corporation, at any one time shall not exceed ten percent (10%) of the issued and outstanding Common Shares in the capital of the Corporation from time to time. The number of Common Shares that may be issued to Insiders of the Corporation within any one year period pursuant to the Option Plan or any other previously established or proposed share compensation arrangement of the Corporation shall not exceed ten percent (10%) of the issued and outstanding Common Shares in the capital of the Corporation from time to time. The number of Common Shares that may be issued to any one insider, and associates (as that term is defined in the *Securities Act* (Ontario)) of such insider, pursuant to the Option Plan or any other previously established or proposed share compensation arrangement of the Corporation within a one year period shall not exceed five percent (5%) of the issued and outstanding Common Shares in the capital of the Corporation from time to time.

The exercise price of the Common Shares subject to each option shall be determined by the Board at the time any option is granted. In no event shall such exercise price be lower than the 5-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange on the first date preceding the date of grant on which the Common Shares traded on such exchange. Once the exercise price has been determined by the Board and accepted by the Toronto Stock Exchange, the exercise price of an option may be reduced upon receipt of approval of the Board, provided that in the case of options held by insiders of the Corporation, the exercise price of an option may be reduced only if disinterested Shareholder approval is obtained.

Subject to earlier termination upon certain events as hereinafter described, each option and all rights thereunder granted pursuant to the Option Plan shall expire on the date determined by the Board, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Toronto Stock Exchange.

If a participant shall cease to be a director, officer, consultant, employee of the Corporation or its Subsidiaries, for any reason (other than death), such participant may then only exercise his or her option to the extent that the participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the participant ceases to be a director, officer, consultant, employee of the Corporation or its Subsidiaries.

In the case of termination for just cause, the options granted to the participant may be exercised by the participant only within 30 days of such termination.

In the event of the death of a participant, the option previously granted to him or her shall be exercisable only within the twelve (12) months after such death and then only: (a) by the person or persons to whom the participant's rights under the option shall pass by the participant's will or the laws of descent and distribution; and (b) if and to the extent that such participant was entitled to exercise the option at the date of his or her death.

Subject to any vesting restrictions imposed by the relevant exchange upon which the Common Shares are listed, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

All benefits, rights and options accruing to any participant in accordance with the terms and conditions of the Option Plan shall not be transferable or assignable. During the lifetime of a participant any benefits, rights and options may only be exercised by the participant.

Shareholder approval is not required for amendment to the Option Plan except for any amendment or modification that:

- (a) increases the number of Common Shares reserved for issuance under the Option Plan;
- (b) reduces the exercise price of an option held by an insider other than as provided for in Section 15 of the Option Plan (which section provides that, for the purpose of maintaining option value, if the outstanding Common Shares are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation or any adjustment relating to the Common Shares optioned or issued on exercise of options, the exercise price per security under the option, the type of security issuable upon exercise of the option and number of securities issuable upon exercise of the option as set forth in the respective stock option agreements may be adjusted by the Corporation if the Board determines that such an adjustment is required to prevent substantial enlargement or dilution of the options granted to participants. Adjustments under that section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive);
- (c) extends the term of an option beyond the expiry date (except where an expiry date would have fallen within a blackout period of the Corporation);
- (d) extends eligibility to participate in the Option Plan to persons not currently eligible to participate;
- (e) permits options to be transferred other than for normal estate settlement purposes;
- (f) extends the expiry date of an option beyond 10 years from its grant date (except where an expiry date would have fallen within a blackout period of the Corporation imposed pursuant to the Corporation's Insider Trading Policy); or
- (g) permits awards, other than options, to be made under the Option Plan.

When an option otherwise would have expired during a blackout period imposed under the Corporation's Insider Trading Policy, the expiry date will be the fifth business day following the expiry of the blackout period, provided that such extended expiration date shall not in any event be beyond the later of (i) December 31 of the calendar year in which the option was otherwise due to expire and (ii) the 15th day of the third month following the month in which the option was otherwise due to expire.

Indebtedness of Directors and Officers

As at March 11, 2014, the aggregate indebtedness of the current and former directors and executive officers of the

Corporation or of any of its subsidiaries, any proposed nominee for election as a director of the Corporation, and any associate of any one of them, to:

- (a) the Corporation or any of its subsidiaries; or
- (b) another entity which such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries;

was nil.

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director or executive officer of the Corporation or of any of its subsidiaries, nor any proposed nominee for election as a director of the Corporation, nor any associate of any one of them:

- (a) is, or was at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries; or
- (b) is, or was at any time since the beginning of the most recently completed financial year of the Corporation, indebted to another entity, which such indebtedness is, or was during such time, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

Interests of Informed Persons in Material Transactions

No “informed person” nor any proposed director nor any associate or affiliate of any “informed person” or proposed director of the Corporation has any material interest, direct or indirect, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries. For the purposes of the foregoing, “**informed person**” means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of the Corporation of a person or company that is in itself an informed person or subsidiary of the Corporation; and (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares of the Corporation.

Statement of Corporate Governance Practices

Introduction

The Canadian Securities Administrators (the “CSA”) have issued National Policy 58-201 – Corporate Governance Guidelines which provides their guidance on effective corporate governance practices. The CSA have also adopted National Instrument 58-101 – Disclosure of Corporate Governance Practices (“**NI 58-101**”) which requires Canadian reporting issuers to annually disclose their corporate governance practices. Below is a discussion on the current composition of the Board and the current governance practices of the Corporation, as required by NI 58-101.

Board

Composition

As at March 11, 2014, the Board is composed of 7 members. Such Board members are directors are Peter Lacey, Graham Drake, Steven M. Collicutt, Gary Wayne Harris, Larry Benke, Don Bell and Angela Lekatsas. It is currently contemplated that all current Board members will be standing for re-election at the Meeting. For further information on the individuals who will be put forth for election to the Board at the Meeting, see “Information Concerning the Corporation – Directors of the Corporation”.

Independence

After reviewing the roles and relationships of each of the directors, the Board has determined that 5 out of the 7

directors are “independent” (as defined in NI 58-101), meaning a majority of the directors are independent. Generally speaking, a director is “independent” if such director has no direct or indirect material relationship with the Corporation and a “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. Notwithstanding the foregoing, NI 58-101 prescribes that certain relationships are material relationships.

The independent directors, as determined by the Board, are Steven M. Collicutt, Gary Wayne Harris, Larry Benke, Don Bell and Angela Lekatsas.

Peter Lacey is not independent due to the fact that he is also the current Executive Chairman and, until April 2012, was also the President and Chief Executive Officer of the Corporation. Graham Drake is not independent due to the fact that he is also the President and Chief Executive Officer of the Corporation and, until April 2012, was also the Vice President of Operations - Agricultural Equipment Division of the Corporation.

Other Boards

The following table sets forth the names of each other reporting issuer, or the equivalent thereof, for which each of the current directors of the Corporation and of each of the individuals to be nominated for election as a director of the Corporation at the Meeting serve as a director as at March 11, 2014.

<u>Name</u>	<u>Name of Reporting Issuer</u>
Peter Lacey	ENTREC Corporation Astrix Networks Inc. Wildlaw Capital 2 CPC Inc.
Graham Drake	Nil
Steven M. Collicutt	Nil
Gary Wayne Harris	Nil
Larry Benke	WorleyParsons Limited
Don Bell	Nil
Angela Lekatsas	Nil

Independent Chairs

Peter Lacey, who is not independent, holds the position of Executive Chairman of the Board. The Board has no formal committees other than the Audit Committee, the Human Resources and Compensation Committee and the Nominating and Governance Committee. The chair of the Audit Committee is Gary W. Harris, who is independent. The chair of the Human Resources and Compensation Committee is Steven Collicutt, who is independent. The chair of the Nominating and Governance Committee is Larry Benke, who is independent. Don Bell also serves as the Lead Director.

The Chairman of the Board and the chair of each Board committee manages the affairs of the Board and each committee of the Board, respectively, with a view to ensuring that the Board and each Board committee functions effectively and meets its obligations and responsibilities, and leads the Board and each Board committee, respectively, in the execution of their responsibilities to security holders. At the conclusion of each Board meeting, the Board meets on an “in camera” basis without Management. Such “in camera” meetings are presided over by the independent Audit Committee Chair. In addition, at least once annually, the independent directors meet in the absence of both Management and non-independent directors. At least once annually at the conclusion of a Committee meeting, an “in camera” session without Management or any director who is not independent, as

determined under the Board independence criteria, is held. Further the Board has appointed a lead director who is independent of management to ensure that the Board operates independently of management.

Attendance

Since the commencement of the 2013 fiscal year, the Board has held 5 regularly scheduled Board meetings and nil non-regularly scheduled Board meetings. The following table summarizes the attendance of each of the directors at such Board meetings.

<u>Name</u>	<u>Regularly Scheduled Board Meetings Attended</u>	<u>Non-Regularly Scheduled Board Meetings Attended</u>	<u>Total Board Meetings Attended</u>
Peter Lacey	5 out of 5	0 out of 0	5 out of 5
Graham Drake	5 out of 5	0 out of 0	5 out of 5
Steven Collicutt	4 out of 5	0 out of 0	4 out of 5
Gary Wayne Harris	5 out of 5	0 out of 0	5 out of 5
Larry Benke	5 out of 5	0 out of 0	5 out of 5
Don Bell	5 out of 5	0 out of 0	5 out of 5
Angela Lekatsas ⁽¹⁾	2 out of 2	0 out of 0	5 out of 5

Note:

- (1) Angela Lekatsas was appointed to the Board on September 30, 2013 and therefore did not formally attend meetings of the Board prior to that date.

Director Equity Ownership

The Corporation encourages its directors, executive officers and employees to hold an equity position in the Corporation. The following table outlines the equity holdings, as at March 11, 2014, of each of the current directors of the Corporation and each of the individuals to be nominated for election as a director of the Corporation at the Meeting (see “Information Concerning the Corporation – Directors of the Corporation”).

<u>Name</u>	<u>Common Shares Beneficially Owned or Controlled as at March 11, 2014</u>		<u>Deferred Shares Beneficially Owned or Controlled as at March 11, 2014</u>		<u>Total Market Value</u>
	<u>Number⁽¹⁾</u>	<u>Market Value⁽²⁾</u>	<u>Number⁽³⁾</u>	<u>Market Value⁽⁴⁾</u>	
Peter Lacey	3,228,242	\$76,767,595	21,303	\$506,585	\$77,274,180
Graham Drake	568,693	\$13,523,520	50,201	\$1,193,780	\$14,717,300
Steven M. Collicutt	41,072	\$976,692	7,292	\$173,404	\$1,150,096
Gary Wayne Harris	114,461	\$2,721,883	7,007	\$166,626	\$2,888,509
Larry Benke	0	\$0	3,060	\$72,767	\$72,767
Don Bell	76,775	\$1,825,710	6,462	\$153,666	\$1,979,376
Angela Lekatsas	0	\$0	250	\$5,945	\$5,945

Notes:

- (1) These amounts do not include Deferred Shares issued to these individuals pursuant to the Corporation’s Deferred Share Plan. For further information, see “Information Concerning the Corporation – Equity Compensation Plan Information – Deferred Share Plan”.
- (2) These amounts were determined by multiplying the applicable number of Common Shares by the closing price of the Common Shares on the Toronto Stock Exchange on the date immediately preceding the date indicated.
- (3) These amounts include both vested and unvested Deferred Shares issued to these individuals pursuant to the Corporation’s Deferred Share Plan. For further information, see “Information Concerning the Corporation – Equity Compensation Plan Information – Deferred Share Plan”.
- (4) These amounts were determined by multiplying the applicable number of Deferred Shares by the closing price of the Common Shares on the Toronto Stock Exchange on the date indicated.

Board Mandate

The Board has adopted a written mandate for the Board, a copy of which is included in the “Board of Directors Terms of Reference” which is attached hereto as Schedule A.

Position Descriptions

Chair and Chair of each Board Committee

The Board has developed written position descriptions for the Board Chair and the chair of each Board committee. The Board Chair and the chair of each Board committee are responsible for taking such steps as may be necessary to ensure that the Board and the committees of the Board fulfill their respective mandates.

Chief Executive Officer

The Board has developed a position description for the Chief Executive Officer of the Corporation involving the definition of the limits to the Chief Executive Officer's responsibilities. In addition, the Board has developed objectives which the Chief Executive Officer is responsible for meeting and the Board assesses the Chief Executive Officer against those objectives.

Orientation and Continuing Education

The Board and management of the Corporation have an informal orientation and education program for new directors and new committee members regarding the role of the Board, its committees and the directors and the nature and operation of the Corporation's business. Existing directors have historically provided orientation and education to new members on an ad hoc and informal basis in light of the particular needs of each new director. Further, every director has access to management and relevant business information. Further education is provided if deemed necessary. At least annually, the Board reviews the skills, knowledge and effectiveness of the Board, its committees and individual trustees/directors.

Ethical Business Conduct

The Board has adopted a written code of conduct for the directors, officers and employees of the Corporation. A copy of the code of conduct may be obtained on the internet at www.sedar.com. The Board expects that such persons will treat each other, customers, suppliers, security holders and all other persons with goodwill, fairness and respect. The Board strives to create a culture in the Corporation that values honesty, high ethical standards and compliance with laws, rules and regulations.

The *Canada Business Corporations Act* contains "conflict of interest" provisions that require each director and officer of the Corporation to disclose to the Corporation any interest in a material contract or transaction or proposed material contract or transaction with the Corporation or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the directors, a director is required to disclose in writing to the Corporation or request to have entered into the minutes of the meeting of the directors the nature and extent of his or her interest forthwith after the director becomes aware of the contract or transaction or proposed contract or transaction. In any case, a director who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a director, officer, employee or agent of the Corporation or one for indemnity under the provisions of an indemnity agreement or the Corporation's liability insurance.

The Audit Committee has also adopted "whistleblower" procedures which allow directors, officers and employees of the Corporation and its subsidiaries to file a report on a confidential and anonymous basis with the appropriate persons regarding any concerns about accounting, internal accounting controls or auditing matters.

Nomination of Directors

The Board has established the Nominating and Governance Committee of the Board and has developed its mandate which sets out the objectives, functions and responsibilities of the Nominating and Governance Committee.

The Nominating and Governance Committee is responsible for, among other items, from time to time: (i) reviewing the size and composition of the Board; (ii) recommending candidates for election to the Board; (iii) reviewing credentials of nominees for re-election; and (iv) recommending candidates for filling vacancies on the Board. Final determinations on these matters are however made by the Board as a whole.

The Nominating and Governance Committee is currently composed of Messrs. Bell, Benke and Collicutt meaning that all of the members of this committee are independent Board members under NI 58-101, as determined by the Board (see “Information Respecting the Corporation – Statement of Corporate Governance Practices – Independence”), and the Board feels that the Nominating and Governance Committee conducts its activities in an objective manner.

The Board reviews its size and composition from time to time to determine their impact on its effectiveness. The Board believes that a board of five (5) to seven (7) Directors is an appropriate size for a public entity with a capitalization and business of the Corporation’s size. The Board believes that its current directors comprise an appropriate mix of individuals with accounting, financial, legal and general business experience.

Compensation

See “Information Concerning the Corporation - Executive Compensation - Compensation Discussion and Analysis – Human Resources and Compensation Committee”.

Board Committees

The Board has no formal committees other than the Audit Committee, the Human Resources and Compensation Committee and the Nominating and Governance Committee.

For further details on the Audit Committee, please refer to the section entitled “Audit Committee” in the Corporation’s annual information form for the financial year of the Corporation ended December 31, 2013 available on SEDAR at www.sedar.com.

For further details on the Human Resources and Compensation Committee, please refer to the section of this Management Information Circular entitled “Information Concerning the Corporation - Executive Compensation - Compensation Discussion and Analysis – Human Resources and Compensation Committee”.

For further details on the Nominating and Governance Committee, please refer to the section of this Management Information Circular entitled “Information Concerning the Corporation – Statement of Corporate Governance Practices – Nomination of Directors”.

Assessment

Periodically, the Board as a whole conducts an informal peer evaluation process to provide feedback to individual directors on their effectiveness and the effectiveness of the Board itself.

Directors of the Corporation

The following table sets forth certain information in respect of each current and proposed director of the Corporation as of March 11, 2014.

<u>Name and Jurisdiction of Residence</u>	<u>Current Office in the Corporation</u> ⁽¹⁾	<u>Principal Occupation</u>	<u>Common Shares Owned Beneficially or Subject to Control or Direction</u>
Peter Lacey Alberta, Canada	Executive Chairman and Director	Mr. Lacey has been the Executive Chairman of Cervus Equipment Corporation since April 2012. Prior thereto, Mr. Lacey was the President and Chief Executive Officer of Cervus Equipment Corporation, and its predecessor entities,	3,228,242 (21.5%)

<u>Name and Jurisdiction of Residence</u>	<u>Current Office in the Corporation</u> ⁽¹⁾	<u>Principal Occupation</u>	<u>Common Shares Owned Beneficially or Subject to Control or Direction</u>
		from 1998 to April 2012. Mr. Lacey has also been a director of Cervus Equipment Corporation, and its predecessor entities, since 1998.	
Graham Drake Alberta, Canada	President, Chief Executive Officer and Director	Mr. Drake has been the President and Chief Executive Officer of Cervus Equipment Corporation since April 2012. Prior thereto, Mr. Drake was the Vice President of Operations – Agricultural Equipment Division of Cervus Equipment Corporation, and its predecessor entities, from 2005 until April 2012. Mr. Drake has also been a director of Cervus Equipment Corporation, and its predecessor entities, since May 2003. Mr. Drake is a graduate of the ICD Directors Education Program.	568,693 (3.8%)
Steven M. Collicutt Alberta, Canada	Director ⁽³⁾⁽⁴⁾	Mr. Collicutt has been the President of Collicutt Compression Solutions Ltd., a private company involved in the sales, parts and service business for gas compression and power generation units in Western Canada and the Western U.S. region, since June 2003. Mr. Collicutt was the President and Chief Executive Officer of Collicutt Energy Services Ltd., a public company listed on the Toronto Stock Exchange involved in the fabrication and service of natural gas compression packages and power generation units, from April 1986 until its acquisition by Finning International Inc. in January 2008. Mr. Collicutt has been a director of Cervus Equipment Corporation, and its predecessor entities, since 2003.	41,072 (0.3%)
Gary Wayne Harris Alberta, Canada	Director ⁽²⁾⁽³⁾	Mr. Harris has been the President of Proall International Mfg. Inc., a private manufacturer of volumetric mobile mixers, oilfield equipment and farm equipment, since July 2013. The current business of Proall International Mfg. Inc. was formed upon the consolidation of the business enterprises of Pro-Ject Industries Ltd. and Reimer Alliance Industries. Prior thereto, Mr. Harris had been the President and Chief Executive Officer of Pro-Ject Industries Ltd. (formerly Westward Products Ltd.), a private manufacturer of farm equipment, oilfield equipment and other equipment, since 1988. Mr. Harris was also the President and Chief Executive Officer of Westward Parts Services Ltd., a private wholesale distributor of all makes of agricultural parts and small sprayer, grounds maintenance and recreational equipment, from 1988 until its sale in 2012. Mr. Harris is also a member of the Law Society of Alberta. Mr. Harris has been a director of Cervus Equipment Corporation, and its predecessor entities, since 2003.	114,461 (0.8%)
Don Bell Alberta, Canada	Director ⁽²⁾⁽⁴⁾	Mr. Bell was one of the founders of WestJet Airlines Ltd. and occupied several positions within that organization, including Executive Vice-President, Culture and Executive Vice-President, Customer Service until his retirement in July 2007. Mr. Bell also held the role of Chairman of the Air Transport Association of Canada until his retirement in July 2007. Mr. Bell has been a director of Cervus Equipment Corporation, and its predecessor entities, since 2008.	76,775 (0.5%)

<u>Name and Jurisdiction of Residence</u>	<u>Current Office in the Corporation</u> ⁽¹⁾	<u>Principal Occupation</u>	<u>Common Shares Owned Beneficially or Subject to Control or Direction</u>
Larry Benke Alberta, Canada	Director ⁽³⁾⁽⁴⁾	Mr. Benke has extensive experience in the engineering and construction industries with progressive roles in engineering design, project management and general management including President and Chief Executive Officer of the Colt Companies and Managing Director of WorleyParsons Canada. He led the Colt Companies through a period of substantial growth and expansion which continued with the integration of the company into WorleyParsons following its acquisition in 2007. Mr. Benke was Managing Director for WorleyParsons Canada from March 2007 until his retirement on June 30, 2010. Mr. Benke is currently a director of WorleyParsons Limited, a global engineering and project delivery company listed on the Australian Securities Exchange. Mr. Benke is a director of the Board of The Calgary Airport Authority, a not-for-profit responsible for the operation and development of the Calgary International and Springbank airports. He is also a director of CEDA International, an OMERS owned corporation, providing specialty maintenance and turnaround services to industry. Mr. Benke graduated from the University of Alberta in 1973 with a Bachelor of Science in Electrical Engineering (Honors Standing). Mr. Benke is a graduate of the ICD Directors Education Program.	0 (0%)
Angela Lekatsas Alberta, Canada	Director ⁽²⁾	Ms. Lekatsas has been the Vice-President and Treasurer of Agrium Inc. since 2011. Prior thereto she has held progressive roles with Agrium Inc. since 2003 including Vice President, Corporate Controller and Chief Risk Officer. Ms. Lekatsas is a Certified Public Accountant and Chartered Accountant and, prior to joining Agrium, spent 16 years in public practice.	0 (0%)

Notes:

- (1) Directors hold office upon appointment until the next annual general meeting of Shareholders of the Corporation unless re-elected at that meeting.
- (2) Member of the Audit Committee.
- (3) Member of the Human Resources and Compensation Committee.
- (4) Member of Nominating and Governance Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set out below, to the best of the knowledge of management of the Corporation:

- (a) no person who is a current or proposed director the Corporation is, as at the date of this Management Information Circular, or has been, within 10 years before the date of this Management Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
 - (i) was subject to an order (as defined below) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while

that person was acting in the capacity as director, chief executive officer or chief financial officer;
or

- (b) no person who is a current or proposed director the Corporation, or who is a person holding a sufficient number of Common Shares to affect materially the control of the Corporation, is, as at the date of this Management Information Circular, or has been within 10 years before the date of this Management Information Circular, a director or executive officer of any company (including the 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
- (c) no person who is a current or proposed director the Corporation, or who is a person holding a sufficient number of Common Shares to affect materially the control of the Corporation, has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or trustee.

For the purposes of (a) above, “**order**” means: (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Peter Lacey resigned as a Director of BioExx Specialty Proteins Ltd. on October 1, 2013. That corporation filed for protection under the Companies’ Creditors Arrangement Act on October 1, 2013.

Additional Information

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com including additional financial information which is provided in the Corporation’s comparative financial statements and management’s discussion and analysis for its most recently completed financial year. Shareholders may contact the Corporation at any time to receive a copy of the Corporation’s comparative financial statements and management’s discussion and analysis for its most recently completed financial year or any document or portion thereof that has been incorporated by reference herein. Any such request should be made to the Chief Financial Officer of the Corporation at Harvest Hills Business Park, 5201, 333 - 96 Avenue NE, Calgary, AB T3K and facsimile (403) 567-0339.

PARTICULARS OF MATTERS TO BE ACTED UPON AT MEETING

Financial Statements

The audited financial statements of the Corporation for the years ended December 31, 2013 and 2012, and the auditor’s report thereon, will be tabled before the Shareholders at the Meeting for discussion. The audited financial statements have been approved by the Board.

Fix Number of Directors

At the Meeting, Shareholders will be asked to vote on an ordinary resolution to fix the number of directors of the Corporation to be elected at the Meeting at not more than seven.

Notwithstanding the foregoing resolution, the directors may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the close of the next annual general meeting, but the total number of additional directors shall not at any time exceed $\frac{1}{3}$ of the number of directors elected at the Meeting.

Election of Directors

At the Meeting, Shareholders will be asked to vote on ordinary resolutions to elect persons to serve as the directors of the Corporation to hold office until the close of the next annual meeting of Shareholders or until their successors

are elected or appointed. It is proposed that all of the current directors of the Corporation, each of whom ceases to hold office at the close of the Meeting unless re-elected at the Meeting, be re-elected at the Meeting. See "Information Concerning the Corporation – Directors of the Corporation" for further information on each proposed nominee for election as a director of the Corporation.

The Board has adopted a policy for the election of directors at meetings of Shareholders other than contested meetings, which provides that:

- (a) Any director must immediately tender his or her resignation to the Board if he or she is not elected by at least a majority (50% +1 vote) of the votes cast with respect to his or her election;
- (b) The Board shall determine whether or not to accept the resignation within 90 days after the date of the relevant Shareholder meeting. The Board shall accept the resignation absent exceptional circumstances;
- (c) The resignation will be effective when accepted by the Board and the Board may fill any vacancy created thereby with any person other than the director that so resigned;
- (d) A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered; and
- (e) The Corporation shall promptly issue a news release with the Board's decision, a copy of which must be provided to TSX. If the Board determines not to accept a resignation, the news release must fully state the reasons for that decision.

A contested meeting is defined as a Shareholder meeting at which the number of directors nominated for election is greater than the number of seats available on the Board.

Re-Appointment of Auditors

At the Meeting, Shareholders will be asked to vote on an ordinary resolution to re-appoint KPMG LLP, Chartered Accountants, of Calgary, Alberta, to serve as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the Board of Directors of the Corporation to fix the auditors' remuneration. KPMG LLP has been the auditors of the Corporation and its predecessor, Cervus LP, since the inception of Cervus LP.

Interest of Certain Persons in Matters to Be Acted Upon

Other than the election of directors, none of the directors or executive officers of the Corporation, nor any of their known associates or affiliates, has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Other Matters to Be Acted Upon

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying proxy will be voted on such matters in the best judgment of the person or persons voting the proxy (other than the election of directors. See "Particulars of Matters to be Acted Upon at Meeting – Election of Directors").

BOARD APPROVAL

The contents and the sending of this Management Information Circular have been approved by the Board.

Calgary, Alberta
March 11, 2014

SCHEDULE A

BOARD OF DIRECTORS TERMS OF REFERENCE

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Part I: Overview

The *Alberta Business Corporations Act* (the “**Act**”), Cervus Equipment Corporation’s (“**Cervus**”) governing statute, provides “that the directors shall manage or supervise the management of the business and affairs of a corporation”. In practice, as a board of directors cannot “manage” a company such as Cervus in the sense of directing its day-to-day operations, the overarching role and legal duty of Cervus’ board of directors (the “**Board**”, each member of the Board a “**Director**”) is to “supervise” the management of Cervus’ business and affairs. Accordingly, the Board oversees development of the overall strategic direction and policy framework for Cervus. This responsibility is discharged through Board oversight of Cervus’ management (“**Management**”), which is responsible for the day-to-day conduct of the business of Cervus. The Board, through the Chief Executive Officer (“**CEO**”), sets standards of conduct (including Cervus’ general moral and ethical tone), compliance with applicable laws, standards for financial practices and reporting, qualitative standards for operations and products/services and other standards that reflect the views of the Board as to the conduct of the business in the best interests of Cervus.

In general, then, the Board is responsible for the selection, monitoring and evaluation of executive Management, and for overseeing the ways in which Cervus’ business and affairs are managed. In this way, the Board assumes responsibility for the stewardship of Cervus. Specific responsibilities which facilitate the discharge of the Board’s stewardship responsibilities include: the strategic planning process, risk identification and management, ensuring that effective stakeholder communication policies are in place, and ensuring the integrity of internal controls and management information systems. These responsibilities, and others, are addressed in more detail in the Board’s mandate, comprising Part IV of these Terms of Reference.

The Board discharges its responsibilities with the assistance of committees of the Board (the “**Committees**”). The Committees advise and formulate recommendations to the Board but, except in limited and specifically identified circumstances, do not have the authority to approve matters on behalf of the Board. General guidelines relating to the Committees comprise Part III of these Terms of Reference. In addition, each Committee has a written mandate, setting out the scope of its operations, and its key roles and responsibilities. Position descriptions of the chair of each of the Committees (“**Committee Chairs**”) and the chair of the Board (the “**Board Chair**”), who may be an executive officer or non-executive officer of Cervus, as applicable, set out the related principles, framework and accountabilities for those key roles in Cervus’ governance.

The CEO of Cervus is delegated the responsibility for the day-to-day management of Cervus and for providing Cervus with leadership. The CEO discharges these responsibilities by formulating Cervus’ policies and proposed actions, and, where appropriate, presenting them to the Board for approval. The Board explicitly identifies actions which have been specifically delegated to the CEO and those which are reserved to the Board. In addition, the Board has plenary power, and has the power to specify and modify the authority and duties of Management as it sees fit with a view to Cervus’ best interests and in accordance with current standards.

Notwithstanding the foregoing, the Board, the Act, applicable securities legislation and applicable stock exchange rules have collectively identified certain matters which must be considered by the Board as a whole and may not be delegated to a Committee or to Management. These matters include:

- Any submission to Cervus' shareholders of a question or matter requiring the approval of the shareholders;
- The filling of a vacancy among the directors or in the office of the auditor;
- The appointment of additional directors;
- The manner of and terms for the issuance of securities by Cervus;
- The declaration of dividends by Cervus;
- The purchase, redemption or any other form of acquisition of shares issued by Cervus;
- The approval of the audited annual or unaudited quarterly financial statements of Cervus, the related management discussion and analysis of financial results for such statements and the related press release disclosing such financial results;
- The approval of certain of Cervus' other core public disclosure documents under the continuous disclosure requirements of applicable securities legislation including annual information forms, annual reports and management proxy circulars;
- The approval of any prospectus or other similar public offering document of Cervus;
- The approval of any take-over bid circular, issuer bid circular, directors' circular or rights offering circular of Cervus; and
- The adoption, amendment or repeal of bylaws of Cervus.

One of the key stewardship responsibilities of the Board is to approve Cervus' goals, strategies and plans, and the fundamental objectives and policies within which the business of Cervus is operated, and evaluate the performance of executive Management. Once the Board has approved the goals, strategies and plans, it acts in a unified and cohesive manner in supporting and guiding the CEO. The CEO keeps the Board fully informed of the progress of Cervus toward the achievement of its goals, strategies and plans, in a timely and candid manner, and the Board continually evaluates the performance of executive Management toward these achievements.

Part II: Board Guidelines

The following have been adopted by the Board as the guidelines applicable to the Board and its operations:

- These Terms of Reference for the Board (which include the Board Guidelines, Committee Guidelines and Board Mandate (all as hereinafter defined)), and the mandates of the Committees, constitute the charters of the Board and Committees respectively, and are reviewed by the Board annually and updated as deemed appropriate. These charters are supplemented by the position descriptions for the Board Chair and Committee Chairs, as well as the Director Accountability Statement.
- The CEO is responsible for leading the development of long range plans for Cervus, including its goals and strategies. The Board, both directly and through its Committees, participates in discussions of strategy by responding to and contributing ideas. At least annually and more frequently if required, the Board (i) reviews and approves Cervus' strategic plans taking into account, among other items, the opportunities and risks related to the business of Cervus and (ii) reviews operating and financial performance results relative to established strategy, budgets and objectives.

- The Board believes that the appropriate size for the Board is between five and seven members.
- Directors stand for re-election annually.
- The Board maintains a policy permitting Directors to retain outside advisors at the expense of Cervus, subject to the written approval of any of the Board Chair, the Chair of the Committee proposing to retain outside advisors, or the Governance Committee (as hereinafter defined). In exercising their approval authority, the Board, Board Chair, Committee Chair or Governance Committee, as the case may be, will establish, on a case by case basis, reasonable monetary limits and other controls as deemed appropriate.
- The Board should be comprised of a majority of independent directors. The Board has defined an independent director in written independence criteria based on the definition adopted by the Canadian Securities Administrators. On an annual basis, the Board shall consider and affirmatively determine whether each individual Director is independent, in accordance with the criteria.
- The membership of the CEO on the Board is valuable and conducive to effective decision making.
- The Board will evaluate the performance of the CEO at least annually. The evaluation will be based on criteria which include the performance of the business of Cervus and the accomplishment of the CEO's qualitative and quantitative objectives as established at the beginning of each fiscal year of Cervus, and the creation and fostering of a culture of integrity within Cervus.
- The Board Chair will work with the CEO, CFO and Secretary to establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda.
- Whenever feasible, important issues should be dealt with over the course of two meetings. The first such meeting would allow for a thorough briefing of the Board, and the second would allow for final discussion and a decision.
- The Board will hold at least five Board meetings per year, one of which shall be principally devoted to strategy. If necessary, an additional Board meeting shall be scheduled for approval of the annual proxy circular, annual information form and other annual disclosure documents.
- Whenever feasible, the Board will receive materials at least one full weekend in advance of Board and Committee meetings. Presentations on specific subjects at Board meetings will only briefly summarize the material sent so discussion at such meeting can focus on questions and issues. Directors are expected to have reviewed these materials prior to attendance at Board and Committee meetings, and are expected to be prepared to engage in meaningful discussion and provide considered, constructive and thoughtful feedback and commentary at such meetings.
- Board meeting dates will be established sufficiently in advance to minimize conflict with other commitments on Directors' schedules. Directors are accordingly expected to make every reasonable effort to attend all meetings of the Board and its Committees, if not in person then by telephone.
- While the Board does not restrict the number of public company boards that a Director may serve on, each Director should ensure that he or she is able to devote sufficient time and energy to carrying out their duties effectively.
- The Board encourages the CEO to bring other executive officers into Board meetings. The presence of such executives is expected to bring additional insights into the discussions, because of the executives' personal involvement in, and knowledge of, specific agenda items. The benefit of exposing the Board to other executives, for succession planning and career development purposes, is recognized.
- The Board is responsible for selecting its own members (subject to the approval of shareholders), and for assessing the performance of individual directors, as well as the effectiveness of Board Committees and the

Board as a whole. The Board delegate's management of the selection processes to the Nominating and Governance Committee (the "**Governance Committee**"). The Board has established a policy for director selection. The selection process includes consideration of the competencies and skills the Board, as a whole, should possess, against those of existing Directors, and a consideration of the competencies and skills each new nominee will bring to the Board, as well as their ability to devote sufficient time and attention to fulfilling the role of director.

- The Board supports the principle that its membership should represent a diversity of backgrounds, experience and skills.
- Succession and management development plans will be reviewed by the Human Resources and Compensation Committee, and reported on annually to the Board.
- At any time during a Board meeting, a member of the Board may request a meeting on an "in camera" basis without Management. Such "in camera" meetings shall be presided over by the independent Audit Committee Chair.

Part III: Committee Guidelines

- The Board has three standing committees: The Audit Committee, the Governance Committee and the Human Resources and Compensation Committee. From time to time the Board may create ad hoc Committees to examine specific issues on behalf of the Board. Each Committee maintains a written mandate and reviews that mandate annually. Any recommendations to amend Committee mandates are reviewed by the Governance Committee for recommendation to the Board.
- The Governance Committee, with input from the Board Chair, plans Committee appointments (including the designation of a Committee Chair) for recommendation to and appointment by the Board. The Committees shall be reconstituted annually on or about the time of the annual general meeting of shareholders of Cervus, with Committee appointments intended, to the extent practical and appropriate, to be alternated for participating Board members, where appropriate, in order to allow such members to gain experience. Unless otherwise determined by resolution of the Board, a majority of the members of a Committee shall constitute a quorum for meetings of Committees.
- Each Committee shall be comprised of a minimum of three and a maximum of five directors. The chair of each Committee, in consultation with the secretary of the Committee, if any, shall determine the agenda for each Committee meeting.
- Except where otherwise specified in these Terms of Reference or in Cervus' bylaws, each Committee shall have the power to determine its own rules of procedure.
- Unless otherwise exempted from these requirements under applicable Canadian securities legislation: (i) the Audit Committee will consist entirely of independent directors; and (ii) all members of the Audit Committee must be, in the judgment of the Board, financially literate.
- The Human Resources and Compensation Committee will consist entirely of independent directors.
- The Governance Committee shall consist of a majority of independent directors.
- The Board Chair is also an ex-officio of those Committees of which he is not a listed member, provided such person is a non-executive Board Chair. However, the Board Chair will be an ex-officio of the Governance Committee alone where such person is an executive Board Chair, if he/she is not a listed member of such Committee.
- At any time during a Committee meeting, any member of the Committee may request an "in camera" meeting without Management. Where such a request is made, the Committee Chair shall chair such "in camera"

meeting. At least once annually at the conclusion of a Committee meeting, any independent member of the Committee may request an “in camera” session without Management or any Director/member who is not independent, as determined under the Board independence criteria, and the Committee Chair shall Chair such “in camera” meeting.

Part IV: Mandate of the Board

Objectives and Responsibilities

The Board’s fundamental objectives are to enhance and preserve long-term shareholder value, to ensure Cervus meets its obligations on an ongoing basis and that Cervus operates in a reliable and safe manner. In broad terms, the stewardship of Cervus involves the Board in strategic planning, financial reporting, risk management and mitigation, senior Management determination, communication planning and internal control integrity.

The major responsibilities of the Board are to:

- Establish policy direction and the fundamental objectives of Cervus;
- Supervise the management of the business and affairs of Cervus;
- Ensure Cervus has an effective strategic planning process;
- Identify the principal risks of Cervus’ business, and ensure that there are systems in place to effectively monitor and manage these risks;
- Protect and enhance the assets of Cervus;
- Ensure the continuity of Cervus by assuming responsibility for the appointment of and succession to the office of the CEO and by seeing that an effective Board is maintained;
- Make certain decisions that are not delegable, such as the declaration of dividends; and
- Provide leadership and direction for Cervus in establishing and maintaining a high standard of corporate ethics and integrity.

Major Duties

The major duties of the Board are to:

1. Foster the long-term success of Cervus. Represent and safeguard the interests of all shareholders while recognizing that the interests of employees, customers, suppliers, and the general public should also be taken into account for the enterprise to continue being able to serve its shareholders. Monitor and work to improve return on, security of, and prospects for enhancement of the value of shareholder investment.
2. Determine and control in broad terms the purposes, goals, activities and general characteristics of Cervus. These duties range from establishing objectives, scope of operations, and fundamental policies for Cervus, reviewing and approving Cervus’ strategic plans, reviewing Cervus’ operating and financial performance results relative to established strategy, budgets and objectives, declaring dividends, considering annual budgets, approving major capital investments, approving mergers and significant acquisitions, approving the issuance or retirement of debt and equity securities, and considering and approving other specific actions that are likely to have a substantial effect on Cervus or that the Board is legally required to take.
3. Review and assess emerging risk areas for Cervus that do not fall under the mandate of any Committee.

4. Review with Management the mission of Cervus, its objectives and goals, and the strategies whereby it proposes to achieve them. Monitor Cervus' progress toward its goals and plans, and assume responsibility to revise and alter Cervus' direction where warranted.
5. Appoint a CEO, monitor and evaluate his or her performance, provide for adequate succession to that position, and replace the CEO when appropriate. Also appoint the other officers of Cervus and, in respect of the senior officers, monitor their performance and ensure that there is adequate succession to their positions and that they are replaced when appropriate.
6. Ensure that the CEO is providing for achievement of acceptable current financial results relative to Cervus' objectives, budgets, and the economic environment, and the development of resources necessary to future success. These resources include:
 - Management competence, organization and depth;
 - Technology in product/service design and product/service application;
 - Fixed assets;
 - Marketing capability, customer loyalty, distribution organization and market knowledge;
 - Work force and employee relations;
 - Financial resources, including relations with the financial community; and
 - Reputation.
7. Oversee corporate financial operations, including:
 - Capital structure management, maintaining reasonable financial flexibility and safety while achieving an appropriate return on equity;
 - Financial results reporting;
 - Allocation of assets;
 - Maintaining access to suitable sources of new capital;
 - Pension funds, if any, and other major employee benefit programs;
 - Dividend payout policy and action; and
 - Insurance.
8. Identify the principal risks of Cervus' business and ensure implementation and monitoring of systems to effectively manage these risks.
9. Ensure that processes are in place to monitor and maintain the integrity of Cervus internal control and management information systems.
10. Ensure that Cervus has in place appropriate environmental, health and safety policies, having regard to legal, industry and community standards, and ensure implementation of management systems to monitor the effectiveness of those policies.

11. Ensure that systems are in place for communication and relations with stakeholder groups, including, but not limited to: shareholders; the investing public; government; employees; the financial community; and the communities in which Cervus operates.
12. Ensure that Cervus has systems in place which accommodate stakeholder feedback.
13. Collectively and individually respond constructively to requests for advice and assistance from the CEO.
14. Provide leadership and policy direction to Management with a view to establishing and maintaining a high standard of legal and ethical conduct for Cervus, by:
 - Taking reasonable steps to ensure that Cervus complies with applicable laws and regulations, and with its constituting documents, including articles and bylaws, and operates to high ethical and moral standards;
 - Being on the alert for and sensitive to situations that could be considered illegal, unethical or improper, and taking corrective steps;
 - Establishing the means of monitoring performance in this area;
 - Approving and monitoring compliance with key policies and procedures by which Cervus is operated; and
 - Acting honestly and in good faith with a view to the best interests of Cervus, and exercising the care, diligence and skill that reasonably prudent people exercise in comparable circumstances.
15. Manage Board operations, including, without limitation:
 - Subject to any required shareholder approval, fix the size of the Board, review its composition and, when appropriate, identify new nominees to the Board;
 - Elect a Board Chair, appropriate Committees and Committee Chairs;
 - Define the duties of the Board Chair, the Committees and the Committee Chairs;
 - Determine when and where the Board meets;
 - Influence the structuring of agendas and how meeting time is spent; and
 - Meet legal requirements with respect to corporate administration.

Standards of Liability

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

Part V: Document Control Information

Approved by Board of Directors: Yes

Originally dated: October 22, 2009

Last amended: N/A

Last reviewed: March 11, 2014

Appendix A to the Terms of Reference

Financial Literacy

For the purpose of making appointments to the Audit Committee, and in addition to the independence requirements, all Directors nominated to the Audit Committee must meet the test of Financial Literacy as determined in the judgment of the Board.

Financial Literacy can be generally defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Cervus' financial statements. In assessing a potential appointee's level of Financial Literacy the Board must evaluate the totality of the individual's education and experience including, but not limited to:

- The level of the person's accounting or financial education and experience, including whether the person has earned an advanced degree in finance or accounting;
- The person's past or current membership on one or more audit committees of companies that, at the time the person held such membership, were required to file reports pursuant to provisions of securities laws;
- The person's level of familiarity and experience with the use and analysis of financial statements of public companies; and
- Whether the person has any other relevant qualifications or experience that would assist him or her in understanding and evaluating Cervus' financial statements and other financial information and to make knowledgeable and thorough inquiries whether:
 - (i) The financial statements fairly present the financial condition, results of operations and cash flows of Cervus in accordance with Canadian generally accepted accounting principles; and
 - (ii) The financial statements and other financial information, taken together, fairly present the financial condition, results of operations and cash flows of Cervus.