



MANAGEMENT INFORMATION CIRCULAR

Dated March 18, 2019

Notice of 2019 Annual General Meeting of Shareholders

To be held on May 2, 2019



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Notice of Annual General Meeting

Meeting Information

You are invited to the Pason Systems Inc. Annual General Meeting of Shareholders on May 2, 2019 at 3:30 p.m. (Mountain Standard Time) at Pason's offices located at 6120 Third Street SE, Calgary, Alberta.

Voting

If you are a Shareholder of record of Pason Systems Inc. common Shares at the close of business on March 18, 2019 you are entitled to receive notice of, attend, and vote your common Shares at this Meeting or any adjournment of it. Please remember to vote your common Shares.

Items of Business

The following six items of business will be addressed at the Meeting:

1. Receive the audited consolidated financial statements and the report of the auditors for the year ended December 31, 2018;
2. Fix the number of directors to be elected at the Meeting at five;
3. Elect the directors of Pason for the ensuing year;
4. Reappoint Deloitte LLP as auditors for 2019 and authorize Pason's Board of Directors to fix their remuneration;
5. Participate in the advisory vote on our approach to executive compensation ("Say on Pay"); and
6. Consider such matters as may properly be brought before the Meeting or any adjournment of the Meeting.

The Board of Directors has approved the contents of this 2018 Information Circular and has authorized us to send it to you.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS,



Marcel Kessler, President & Chief Executive Officer
March 18, 2019 in Calgary, Alberta

Annual General Meeting of Shareholders Information Circular

March 18, 2019

FAQs: Meeting and Voting

When and Where is the Meeting?

The Annual General Meeting is on Thursday, May 2, 2019 at 3:30 pm (MST) at Pason's offices located at 6120 Third Street SE, Calgary, Alberta.

What is the Purpose of this Mailing?

This Information Circular and the accompanying Notice of Meeting (the "Notice of Meeting") and form of voting proxy are being mailed by the management of Pason Systems Inc. (the "Corporation" or "Pason") in connection with the Annual General Meeting (the "Meeting") of holders ("Shareholders") of common Shares of Pason (the "Shares") to be held on the date and time and at the location noted above.

This Information Circular describes the business of the Meeting, including details about the particular matters to be voted on and the voting process itself. It also provides information about Pason's director nominees and about Pason's executive compensation and corporate governance practices.

Shareholders are invited to attend the Meeting and are encouraged to vote in advance using the proxy form provided. Shareholders may vote in advance using the form of proxy even if they plan to attend the Meeting. See the headings *I am a Beneficial (Non-Registered) Shareholder. How do I Vote?* on page 4 and *I am a Registered Shareholder. How do I Vote?* on page 4 for more details about voting.

We are not using what is referred to as "Notice-and-Access" to send this Information Circular and the related materials to our Shareholders for this Meeting, nor are we sending these materials directly to non-objecting beneficial owners.

Unless otherwise stated, information in this Information Circular is given as at March 18, 2019, and amounts are expressed in Canadian dollars.

What are we Voting on at the Meeting?

At the Meeting, Pason's 2018 consolidated audited financial statements and the auditor's report on those statements will be presented. No vote will occur. Shareholders will then be asked to vote on the following business:

1. Fix the number of directors to be elected at the Meeting at five;
2. Elect the directors of Pason for the ensuing year;
3. Reappoint Deloitte LLP as auditors for 2019 and authorize Pason's board of directors to fix their remuneration;
4. Advisory ("Say on Pay") vote on Pason's approach to executive compensation; and

A simple majority of more than 50% of the votes cast at the Meeting, in person or by proxy, are required to approve each of the above matters to be considered at the Meeting. For more information about these agenda items, go to *Business of the Meeting* on page 7.

Who can Attend and Vote at the Meeting?

Only Shareholders of record at the close of business on the record date are entitled to attend the Meeting and vote their Shares. Shareholders are entitled to one vote for each Share held. The Shares are the only type of outstanding securities of the Corporation that allows the holders to vote at the Meeting.

If a Shareholder acquires Shares after the close of business on the record date, that Shareholder may still attend and vote such Shares at the Meeting if, at least ten days before the Meeting, that holder of new

Shares requests that their name be included in the list of Shareholders entitled to vote at the Meeting and a properly endorsed certificate is shown to Pason's Corporate Secretary or ComputerShare Trust Company of Canada (the "transfer agent"), evidencing such Shares or otherwise establishing ownership of such Shares.

How do I Determine if I am a Registered or a Beneficial (Non-Registered) Shareholder?

You are a registered Shareholder if your Shares are registered in your name and you have a Share certificate, or a form called a "direct registration advice" evidencing ownership. You are a beneficial Shareholder if your broker, investment dealer, bank, trust company, nominee or intermediary (an "intermediary") holds your Shares for you. Registered Shareholders would have received by mail an envelope containing this Information Circular directly from the transfer agent, whereas beneficial Shareholders would have received the mailing from their intermediary. If you are unsure whether you are a registered or beneficial Shareholder, contact the transfer agent by phone at 1-800-564-6253 or by email at service@computershare.com.

Registered and beneficial Shareholders both have the right to vote, but each has a different voting process, as explained below. Pason will be sending proxy-related materials directly to non-objecting beneficial Shareholders.

I am a Beneficial (Non-Registered) Shareholder. How do I Vote?

A substantial number of Shareholders are beneficial Shareholders. If you are a beneficial Shareholder, you should note that Pason does not have access to your name in the transfer agent's Shareholder records. Only those voting proxies deposited by Shareholders whose names appear in Pason's records as registered Shareholders can be recognized and acted upon at the Meeting. You may provide voting instructions to your intermediary so that such Intermediary may submit a proxy on your behalf, containing your voting instructions. Without specific voting instructions, intermediaries are prohibited from voting for their clients.

Beneficial Shareholders should receive from their intermediary a voting instruction form. Each intermediary has its own form or set of voting instructions, which should be carefully followed to ensure the votes are counted. In addition to completing the voting instruction form and returning it by mail, beneficial Shareholders can call the number on the voting instructions form to vote by telephone, or lodge their voting instructions on the Internet at www.proxyvote.com. Beneficial Shareholders will need the 12-digit control number found on the voting instruction form in order to vote by telephone or online. There may be additional methods of voting and additional instructions identified on the intermediary's voting form.

A beneficial Shareholder who receives from their intermediary a voting instruction form cannot use that voting instruction form to vote their Shares directly at the Meeting. The voting instruction form must be returned as directed by the intermediary in advance of the Meeting date and by the deadline specified on that voting instruction form in order to ensure the Shares are voted. Should a beneficial Shareholder desire to attend the Meeting and vote in person, he or she must be named as a proxy holder by the intermediary in a valid form of proxy. To do this, beneficial Shareholders should enter their name in the blank space on the applicable form of proxy and return the document to the intermediary (or the agent of such broker or other intermediary) well in advance of the Meeting.

I am a Registered Shareholder. How do I Vote?

Names of registered Shareholders will be noted in the transfer agent's records and they are therefore entitled to be recognized at the Meeting and to vote in person without any additional documentation.

A registered Shareholder has the right to appoint the person of their choice (who does not need to be a Shareholder) to attend and act on their behalf at the Meeting. To exercise that right, the name of the company or person(s) to be designated must be written in the blank space on the form of voting proxy that accompanied this Information Circular, or by completing another proper instrument of proxy. Alternatively, registered Shareholders can transmit their voting instructions and appoint a proxy by Internet at www.proxyvote.com. Registered Shareholders should have their control number in hand when they

access the website, as they will be prompted to enter their control number located on the form of proxy delivered in the mailing package.

As noted above and encouraged by the Corporation to maintain an orderly and efficient Meeting, Shareholders may vote in advance of the Meeting by completing a proxy, even if they are planning to attend the Meeting in person. If other business is properly brought before the Meeting, Shares represented by proxy will be voted using the process described below, under the heading *How are Shares Represented by Proxy Voted?*.

How are Shares Represented by Proxy Voted?

The Shares that are represented at the Meeting by properly executed proxies will be voted or withheld from voting on the business matters identified in the Meeting agenda in accordance with the directions on the voting proxy. **In the absence of any specific directions, the Corporation's designees, if named as proxy, will vote FOR each of the matters on the agenda.** If a person other than the Corporation's designee is named as proxy, Shares represented by proxy will be voted in accordance with that designated person's instructions at the Meeting.

If any other business is properly brought before the Meeting or there are amendments or variations to the matters identified in the notice of Meeting, the person named in the voting proxy, whether that be the Corporation's designee or another designee, will have the authority and discretion to vote the Shares represented by the proxy appointing him or her, unless specific contrary instructions are provided in the proxy. As of the date of this Information Circular, Pason is not aware of any amendments, variations or other matters that may come before the Meeting, other than those listed on the agenda in the notice of Meeting. In the event that other matters come before the Meeting, then the Corporation's designees will vote on those matters in their judgment.

All Shareholder proxies must be received by the transfer agent, at 100 University Avenue, Eighth Floor, Toronto, Ontario, M5J 2Y1, not later than 3:30 pm (MST) on May 1, 2018, or if the Meeting is postponed or adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the start time of the postponed or adjourned Meeting (the "voting deadline"). Registered Shareholders voting or appointing a proxy by Internet or phone must submit those instructions by that same voting deadline.

A representative from the transfer agent, who will act as scrutineer at the Meeting, will confidentially count and tabulate the votes. The transfer agent will refer forms of proxy to Pason if the Shareholder is clearly intending to communicate with management, or if there is a question as to whether the proxy is valid.

Can a Proxy be Revoked?

A Shareholder who has submitted a proxy may revoke it at any time prior to it being exercised at the Meeting. At law, a proxy may be revoked in a variety of ways.

Registered Shareholders may revoke their respective voting proxies for the Meeting by providing a written instruction letter signed by the Shareholder or by the Shareholder's authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by an officer or attorney of the corporation who is duly authorized. Such written revocation instructions must be deposited either at Pason's registered office before the day of the Meeting or before the day of any postponement or adjournment of the Meeting or given to the chairman of the Meeting on the day of the Meeting prior to its start. If a registered Shareholder appoints a proxy holder and submits their voting instructions on the Internet through the transfer agent's website, and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction at any time before the voting deadline for the Meeting or any adjournment. When resubmitting a proxy, the most recently submitted proxy will be recognized as the sole valid proxy. All previous proxies submitted will be disregarded and considered as revoked.

Beneficial Shareholders who wish to revoke their proxy must arrange for their respective intermediaries to revoke the proxy on their behalf within the time specified by that intermediary, but in any event before the day of the Meeting or before the day of any postponement or adjournment of the Meeting.

What is the Quorum for Meeting?

A quorum will be constituted at the Meeting if at least two persons are present in person or by proxy, each of whom is entitled to vote at the Meeting and who hold, or represent by proxy, not less than 25% of the Shares entitled to vote.

If a quorum is not present at the start of the Meeting, the chairman of the Meeting may postpone or adjourn the Meeting to another time and place that will be announced at the original Meeting. If a quorum is present at the start of the Meeting, the Meeting may proceed with its business, even if a quorum is not present throughout the Meeting.

Are there any Conflicts of Interest in the Matters to be Acted Upon at the Meeting?

No current director, proposed nominee for election as a director or executive officer of Pason, nor any associate or affiliate of the foregoing have any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors. James D. Hill, chairman of the board of directors and nominee for re-election is a principal holder of Shares, as noted below under the heading *Who are the Principal Holders of Pason's Shares?*

Who is Soliciting Proxies with this Information Circular?

Management of Pason is soliciting proxies to be voted at the Meeting, or at any postponement or adjournment of the Meeting. Management and directors will solicit proxies by mail, in person or by telephone, facsimile or other electronic means at a nominal cost. As of the date of this Information Circular, no professional advisors have been retained to solicit proxies for the Meeting, though such arrangements may be made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries at management's discretion. If such advisors are retained, Pason will pay the cost of that solicitation, including the payment of fees and reimbursement of reasonable expenses.

Who are the Principal Holders of Pason's Shares?

The following table sets forth the only persons or corporations who, to the knowledge of Pason's directors and executive officers, beneficially own, or exercise control or direction of, directly or indirectly, 10% or more of the voting rights attached to the outstanding Shares as of March 18, 2019.

Name and Municipality	Nature of Ownership	Number of Shares	% of Class
James D. Hill Calgary, Alberta	Indirect ⁽¹⁾	9,417,380	11%
Mackenzie Financial Corporation Toronto, Ontario	Indirect ⁽²⁾	10,236,861	12%

⁽¹⁾ 9,316,580 Shares are held by J. D. Hill Investments Ltd. and its subsidiary, both private Alberta corporations which are wholly-owned by James D. Hill and his spouse. Another 100,800 Shares are held in their registered retirement savings plans.

⁽²⁾ Mackenzie Financial Corporation holds Shares on behalf of funds and accounts it manages

What are the Non-IFRS Financial Measures?

The following terms used in this Information Circular are not recognized measures under International Financial Reporting Standards ("IFRS"), and accordingly, may not be comparable to measures used by other companies:

- Adjusted EBITDA (defined on page 30);
- Normalized pre-tax income (defined on page 22); and
- Return on invested capital (defined on page 22).

Those non-IFRS financial measures are included because they are used by management for a variety of internal measurements that must be disclosed in this Information Circular. In the case of adjusted EBITDA, management uses such metrics to evaluate, among other things, operating performance, leverage, and liquidity. In the case of normalized pre-tax profit and return on invested capital, those non-IFRS measures are used in calculating executives' short-term incentive payouts.

Business of the Meeting

Financial Statements, Auditors' Report, and Management Report

The Board of Directors (the "Board") of the Corporation has approved all of the information in the 2018 Annual Report that accompanies this Information Circular, including the consolidated audited financial statements of the Corporation and the auditors' report thereon. A copy of the financial statements is also available at www.sedar.com and on the Corporation's website (www.pason.com). No vote by the Shareholders will be taken with respect to this matter.

Fixing the Number of Directors

The articles of the Corporation provide that Pason may have between one and fifteen members on its Board. The Corporation currently has five directors, all of whom are standing for re-election. At the Meeting, Shareholders will be asked to approve an ordinary resolution to fix the number of directors to be elected at the Meeting at five. **If no choice is specified, the Shares represented by a proxy for the Meeting will be voted FOR fixing the number of directors at five.**

Election of Directors

Five proposed nominees for election as directors of Pason are standing for re-election. The voting results from last three year's Meetings for those five directors standing for re-election were as follows:

Director	James D. Hill	James B. Howe	Marcel Kessler	T. Jay Collins	Judi M. Hess
2018	62,188,891 (81.55%)	73,667,353 (96.60%)	76,130,177 (99.83%)	75,732,008 (99.30%)	75,518,605 (99.03%)
2017	66,535,035 (88.62%)	74,225,700 (98.86%)	73,784,233 (98.28%)	74,957,851 (99.84%)	73,736,929 (98.21%)
2016	67,735,426 (90.66%)	74,342,921 (99.50%)	73,572,608 (98.47%)	74,626,385 (99.88%)	74,627,701 (99.88%)

All of the five nominees listed below have consented to their nomination. The current Board and management unanimously recommends that each of the nominees listed be elected to serve as directors of the Corporation, to hold office until the next annual Meeting of Shareholders or until such person's successor is elected or appointed. **If no choice is specified, the Shares represented by a proxy for the Meeting will be voted FOR the election of each of these nominees.**

It is the intention of the Corporation's designees, if named as proxy, to vote in favour of the election of the proposed five nominees to the Board. Management does not contemplate that any of the following nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election at the Meeting or are unable to serve as such, proxies in favour of the Corporation's designees will be voted for another nominee at their discretion unless the Shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors. The By-laws of the Corporation deem that all previously elected directors shall have retired from office upon the close of the annual Meeting following their election, unless they are re-elected.

The following information about each of the persons proposed to be nominated for election as a director is, unless otherwise stated, based on records available to the Corporation as of March 18, 2019, those being corporate records, public records, and information provided by each nominee.

Director Biographies

JAMES D. HILL

James Hill is Pason's Chairman of the Board, having previously served as Pason's President & Chief Executive Officer for 26 years. Jim Hill is considered a non-independent director because he was the CEO until 2011.



Chairman of the Board

Director since: 1996

Non-Independent

Age: 68

Calgary, Alberta, Canada

Pason Securities Held

Shares ⁽¹⁾⁽²⁾	DSUs ⁽³⁾	Total Share Holdings ⁽⁴⁾
9,417,380	39,291	\$195,091,121

Board and Committees	2018 Meetings	Total 2018 Attendance	Value of Total 2018 Compensation ⁽⁵⁾
Board of Directors	4/5	80%	\$26,885

Expertise: Field Operations, Board & Governance, Human Resources, Executive Experience, Sales & Marketing and Strategic Planning and Leading Growth.

Other Public Company Board/Committee Memberships

Company	Listing	Positions
none	-	-

JAMES B. HOWE

James Howe is a professional director and has been the President of Bragg Creek Financial Consultants Ltd., a private financial consulting company, since 1981.



Lead Director, Chair of the Audit Committee

Director since: 1996

Independent

Age: 69

Calgary, Alberta, Canada

Pason Securities Held

Shares ⁽¹⁾	DSUs ⁽³⁾	Total Share Holdings ⁽⁴⁾
347,000	15,938	\$7,487,407

Board and Committees	2018 Meetings	Total 2018 Attendance	Value of Total 2018 Compensation ⁽⁵⁾
Board of Directors	5/5	100%	\$121,942
Corporate Governance & Nomination Committee	1/1		
HR and Compensation Committee	2/2		
Audit Committee	4/4		

Expertise: Financial Expertise, Oil & Gas Industry, Communications, International Business, Legal & Securities and Mergers & Acquisitions

Other Public Company Board/Committee Memberships

Company	Listing	Positions
Bengal Energy Ltd.	TSX: BNG	Board, Audit Committee Chair
Ensign Energy Services Inc.	TSX: ESI	Board, Audit Committee, Compensation Committee Chair

MARCEL KESSLER

Marcel Kessler was appointed President & Chief Executive Officer of the Corporation in 2011.



President & Chief Executive Officer

Director since: 2012

Non-Independent

Age: 52

Calgary, Alberta, Canada

Pason Securities Held

Shares ⁽¹⁾	DSUs ⁽³⁾	Total Share Holdings ⁽⁴⁾
52,638	-	\$1,085,922

Board and Committees	2018 Meetings	Total 2018 Attendance	Value of Total 2018 Compensation ⁽⁵⁾⁽⁶⁾
Board of Directors	5/5	100%	-

Expertise: Executive Experience, Human Resources, International Business, Mergers & Acquisition and Strategic Planning & Leading Growth.

Pason Subsidiary Directorships: Pason Systems Corp., Pason US Holdings Corp, Pason Systems USA Corp., Pason Systems US Financial Corp., Petron Industries Inc. and Pason Systems Texas Inc.

Other Public Company Board/Committee Memberships

Company	Listing	Positions
none	-	-

T. JAY COLLINS

Jay Collins is a director of Oceaneering International, Inc., having previously served as Chief Executive Officer of Oceaneering International Inc. from 2006 to 2011.



Chair of HR & Compensation Committee

Director since: 2012

Independent

Age: 72

Houston, Texas, USA

Pason Securities Held

Shares ⁽¹⁾	DSUs ⁽³⁾	Total Share Holdings ⁽⁴⁾
-	48,344	\$997,336

Board and Committees	2018 Meetings	Total 2018 Attendance	Value of Total 2018 Compensation ⁽⁵⁾
Board of Directors	5/5	100%	\$139,267
Corporate Governance & Nominations Committee	1/1		
HR and Compensation Committee	2/2		
Audit Committee	4/4		

Expertise: Board & Governance, International Business, Field Operations, Executive Experience, Performance and Health & Safety.

Other Public Company Board/Committee Memberships

Company	Listing	Positions
Oceaneering International Inc.	NYSE:OII	Board
Murphy Oil Corporation	NYSE:MUR	Board; Executive Compensation Committee

JUDI M. HESS

Judi Hess is the CEO of Copperleaf Technologies, Inc., a position she has held since 2009. Copperleaf Technologies is a privately-owned enterprise software startup. Previously, she was the President of Creo Inc., a publicly-traded printing technology and workflow company that was acquired by Kodak in 2005. After Kodak's acquisition, she was named Country Manager of Canadian operations and Corporate Vice President and General Manager of one of Kodak's global business units. Prior to joining Creo, Judi Hess was at MacDonald Dettwiler and Associates, an aerospace and defense company. She has been a member of the Premier's Technology Council of British Columbia since 2009.



Pason Securities Held

Shares ⁽¹⁾	DSUs ⁽³⁾	Total Share Holdings ⁽⁴⁾
-	25,196	\$519,787

Board and Committees	2018 Meetings	Total 2018 Attendance	Value of Total 2018 Compensation ⁽⁵⁾
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Board of Directors	5/5	100%	\$123,428
Corporate Governance and Nomination Committee	1/1		
Chair of Corporate Governance & Nomination Committee	HR and Compensation Committee	2/2	
Director since: 2015	Audit Committee	4/4	

Chair of Corporate Governance & Nomination Committee

Director since: 2015
Independent

Age: 60

Vancouver, B.C., Canada

Expertise: Board and Governance, Executive Experience, International Business, Mergers & Acquisitions, Risk Management and Information Technology.

Other Public Company Board/Committee Memberships

Company	Listing	Positions
none	-	-

- (1) The Shares indicated include those Shares beneficially owned and Shares controlled or directed by the nominee directors as the date of this Information Circular.
- (2) The number of Shares held by James D. Hill includes a combined total of 9,316,580 Shares held by J. D. Hill Investments Ltd. and its subsidiary, both private Alberta corporations which are wholly-owned by James D. Hill and his spouse. Another 100,800 Shares are held in their registered retirement savings plans.
- (3) Deferred Share Units ("DSUs") are not voting securities. See page 13 under the heading *Director Compensation* for a description of DSUs. The number referenced below the term DSUs in the nominee biographies above refers to the number of DSUs credited to the director's account as at March 18, 2019, the date of this Information Circular.
- (4) Total Share Holdings is the amount determined by multiplying the number of each nominee's Shares held and DSUs credited to their accounts as of March 18, 2019 by the closing price of the Shares on the Toronto Stock Exchange ("TSX") on March 18, 2019 (\$20.63).
- (5) The Value of Total 2018 Compensation includes DSUs awarded, retainer paid to all Committee chairs, and dividend equivalents credited to their accounts in 2018 (based on the value of the DSUs when credited to each director's account). For further information regarding the director's total compensation see *Director Compensation* on page 13.
- (6) Compensation provided to Marcel Kessler, who is a director and also a Named Executive Officer (as defined herein), is fully reflected on page 29. As a member of management, Marcel Kessler did not receive compensation for his service as a director of the Corporation in 2018.

Interlocking directorships

None of the proposed nominee directors sit together on the same board of other publicly traded companies and none of the proposed nominee directors sit together with any of Pason's executives on any other boards.

Majority voting

The Board has adopted a policy of requiring any individual director nominee who receives less than a majority of the Shares voted and withheld at a Shareholders' Meeting to tender his or her resignation promptly following the Meeting. The Corporate Governance and Nomination Committee will review the tendered resignation and make a recommendation to the Board to accept or reject the resignation and

publicly disclose the decision and rationale within 90 days of the applicable Shareholder Meeting. Absent exceptional circumstances that would warrant the applicable nominee to continue to serve as a Board member, resignations will be accepted. The said nominee will not participate in any Board or Committee deliberations on the tendered resignation.

Appointment of Auditors

Unless such authority is withheld, the Corporation's designees, if named as proxy, intend to vote the Shares represented by any such proxy for the appointment of Deloitte LLP, Chartered Professional Accountants ("Deloitte LLP"), as auditors for the Corporation for the ensuing year and authorize the Board to fix their remuneration.

Deloitte LLP has been appointed, and has continuously been the auditors of the Corporation since 1996.

Below is a breakdown of fees paid to Deloitte LLP, by category, for the last three years:

Service	2018	2017	2016
Audit fees	\$224,400	\$214,500	\$175,000
Audit-related fees (for assurance services related to review of financial statements)	\$36,000	\$36,000	\$36,000
Tax fees (for tax compliance, advice, and planning)	\$106,200	\$56,300	\$55,000
All other fees (for services that do not fall under the previous categories)	-	-	-
Total	\$366,600	\$306,800	\$266,000

Advisory ("Say on Pay") Vote on Pason's Approach to Executive Compensation

Voting results from the last three years are set out in the table below:

Say on pay vote	2018	2017	2016
Vote in favour	99.69%	98.28%	99.49%

At the Meeting, Shareholders will be asked to cast an advisory vote on Pason's approach to executive compensation. Pason's approach to executive compensation and the values paid to Pason's NEOs (as defined herein) is described in detail under the heading *Compensation Discussion and Analysis (CD&A)*. The results of the "Say on Pay" vote will be non-binding on the Board; however, the vote is an important part of engagement with Shareholders about executive compensation.

In addition to the minimum information prescribed by regulations, the Board believes that Shareholders should have sufficient information to fully understand the Corporation's approach to executive compensation, including the process to set and review compensation levels, general long-term objectives, tools used to align interests with Shareholders, criteria used to measure at-risk compensation, and the extent of the upside and downside of variable rewards linked to corporate and individual performance. Shareholders are encouraged to review the discussion about Pason's executive compensation under the heading *Compensation Discussion and Analysis (CD&A)* to cast an informed vote.

The Board has resolved to hold an advisory ("Say on Pay") vote on the Corporation's approach to executive compensation at every annual Meeting of Shareholders. The Board believes that this advisory vote will serve as a catalyst for dialogue with Shareholders about governance and other matters relating to executive compensation.

Proposed "Say on Pay" resolution

At the Meeting, Shareholders will be asked to vote for or against the following non-binding, advisory resolution concerning Pason's approach to executive compensation:

"BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Pason Systems Inc. ("Pason") or its committees that the Shareholders of Pason accept the approach to executive compensation disclosed in Pason's Information Circular dated March 18, 2019, and delivered in advance of the 2019 Annual General Meeting of Shareholders."

The Board will take the voting results and other Shareholder feedback into consideration when evaluating the Corporation's approach to executive compensation, including discretionary awards. The Board and the Human Resources and Compensation Committee actively monitor trends relating to compensation and governance of compensation to ensure executive management is aligned with Shareholder interests and incentivized to act in the best interests of Pason.

Other Matters

The Board and executive officers of the Corporation know of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matter properly comes before the Meeting, however, the proxies will be voted on such matters in accordance with the best judgement of the person or persons voting the proxies.

Director Compensation

The Corporation provides its directors with a compensation package comprised of only annual equity based compensation incentives paid quarterly in arrears. Management directors are not paid additional compensation for their service as a director. Directors are also reimbursed for their reasonable expenses for meetings and relevant continuing education costs.

The table below sets out the different compensation elements for non-management directors for 2018. All amounts were paid out in DSUs.

Type of Compensation	Value
DSUs ⁽¹⁾	\$100,000 ⁽²⁾
Retainer for Audit Committee chair	\$10,000
Retainer for other committee chairs	\$5,000

⁽¹⁾ The number of DSUs that were awarded to the directors for 2018 service, and credited to the directors' accounts in quarterly installments at the end of each quarter in 2018 was calculated by dividing the target value (\$100,000 per year) by the closing price of the Shares on the TSX on November 30, 2017 (\$18.49).

⁽²⁾ Effective in 2016, James D. Hill elected to receive no compensation for his role as director.

The table below sets out the different compensation elements for non-management directors effective January 1, 2019.

Type of Compensation	Value
DSUs ⁽¹⁾	\$100,000
Additional board retainer ⁽²⁾	\$45,000
Retainer for Chairman of the Board ⁽²⁾⁽³⁾	\$80,000
Retainer for Lead Director ⁽²⁾⁽⁴⁾	\$25,000
Retainer for Audit Committee chair ⁽²⁾	\$17,000
Retainer for other committee chairs ⁽²⁾	\$10,000
Meeting fees ⁽²⁾	\$1,500/meeting

⁽¹⁾ Represents DSUs awarded to directors on November 30, 2018 but have not yet been credited to the director's account on December 31, 2018. The number of DSUs awarded was 4,946, which is calculated by dividing the target value (\$100,000 per year) by the closing price of the Shares on the TSX on November 30, 2018 (\$20.22). DSUs are credited quarterly in arrears and the only condition of vesting (crediting) to each directors' accounts is continuing to serve as a director of the Corporation. These DSUs will be credited to each director's account at the end of each fiscal quarter in 2019, in an amount equal to $\frac{1}{4}$ of the annual grant, or a pro rata for partial service.

⁽²⁾ Directors may elect to take this compensation element in either cash or DSUs.

⁽³⁾ James D. Hill has elected not to receive the retainer for Chairman of the Board

⁽⁴⁾ The additional retainer fee paid to the Lead director is reduced by any amounts paid to such Lead Director for acting as the chair of another committee, such that the maximum amount of additional retainer paid to an individual director is \$25,000. For example, in 2019 James Howe will be paid an additional \$25,000 for his service as both Lead Director and Audit Committee Chair.

The Corporate Governance and Nomination Committee reviews compensation annually, taking into consideration the time commitment, responsibilities, risks, and current norms.

Deferred Share Unit Plan

The Board adopted a Deferred Share Unit plan (the "DSU Plan") in 2011. The DSU Plan replaced the other equity awards (stock options and RSUs), which had previously been granted to directors on an annual basis. All directors, except directors who are also members of management, receive DSUs when recommended by the Corporate Governance and Nomination Committee and approved by the Board.

The value of each DSU is linked to the Share price. DSUs are granted annually for the director's anticipated service in the subsequent year and are credited to each director's account in installments on the last day of each calendar quarter of the subsequent year, subject to the director leaving the Board early. If a director leaves the Board during a calendar year, a portion of those DSUs awarded for that year will be credited to

the director within 30 days of leaving, on a pro-rata amount based on the portion of the year in which that director served on the Board. Each DSU represents rights to cash compensation based on the Share value. DSUs may only be redeemed by a director recipient after the director has left the Board (and not earlier than ten (10) trading days following the release of the Corporation's quarterly or annual financial results following the director's cessation from their service on the Board), promoting motivation for long-term Share growth. In the event of a change of control (as defined in the DSU Plan), DSUs awarded but not yet credited to a director's account are immediately credited and then eligible for redemption in accordance with the DSU Plan.

DSU accounts are credited with an equivalent number of DSUs to account for any dividend paid on the Shares. This is done by the issuance of additional DSUs valued in the amount of the dividend that the director would have received on DSUs credited to that director's account at the date of the dividend payment.

A director's DSUs are counted towards the director Share ownership guidelines, as further described below under the heading *Director Share Ownership Guidelines*.

Director Share Ownership Guidelines

Pason's Director Share Ownership Guidelines require each non-management director to acquire and hold equity of the Corporation in the form of DSUs or Shares. Directors have five years from the date of their appointment or election as a director to acquire a minimum aggregate value of three times the annual fixed compensation paid to such director. For this purpose, the director's annual fixed compensation includes equity grants and cash retainer payments, including additional retainers paid to committee chairs, the lead director and chairman. It does not include meeting fees, as the number of meetings held each year varies. Management directors are subject to the higher requirements of the Executive share ownership guidelines described under the heading *Equity Compensation Plan Information* on page 26. Compliance with this requirement will be determined based upon the higher of cost or market price of Shares held and DSUs credited to each director's account. All current directors have met the ownership guidelines.

Alignment of interests

The Board believes that the following measures effectively align the interests of directors with those of Shareholders:

- The deferral of each director's entitlement to redeem DSUs until after their service on the Board has ended
- Majority of director compensation is in the form of DSUs

Additional information about corporate governance involving the Board is found under the heading *Corporate Governance Disclosure*, starting on page 38 of this Information Circular.

Director Compensation Table – 2018

The table below sets out the compensation paid and awarded to non-management directors in 2018.

Name	Deferred Share Units Credited ⁽¹⁾
James D. Hill ⁽¹⁾	\$26,885
James B. Howe	\$121,942
T. Jay Collins	\$139,267
Judi M. Hess	\$123,428

⁽¹⁾ The value of the DSUs is linked to the Corporation's Share price. Under the terms of the Director DSU Plan, the DSUs were awarded for Board service in 2018 and were credited to each director's account in installments on the last day of March, June, September, and December 2018. The value identified in the table above includes dividend equivalents that were added to each director's DSU account. The number of DSUs granted for 2018 service was disclosed under the heading *Deferred Share Unit Plan* on page 13. James D. Hill has elected not to receive any compensation for his role as a director. The amounts above represent dividend equivalents credited to his account.

Outstanding Share-Based Awards and Option-Based Awards

The following table summarizes the outstanding DSUs held by non-management directors as at December 31, 2018.

Name	Share-Based Awards – DSUs		
	Number of DSUs that have not been credited to accounts ⁽¹⁾	Payout value of DSUs that have been awarded but not yet credited to accounts ⁽²⁾	Payout value of credited DSUs not paid out or distributed ⁽³⁾
James D. Hill ⁽⁴⁾	4,946	\$90,455	\$718,631
James B. Howe	4,946	\$90,455	\$291,502
T. Jay Collins	4,946	\$90,455	\$884,211
Judi M. Hess	4,946	\$90,455	\$460,829

⁽¹⁾ Represents DSUs awarded to directors on November 30, 2018. DSUs are credited to the respective directors' accounts for their service in 2019. DSUs are credited quarterly in arrears and the only condition of vesting (crediting to each directors' accounts) is continuing to serve as a director of the Corporation.

⁽²⁾ Calculated based on the market price of the Shares at December 31, 2018 (\$18.29) multiplied by the number of DSUs that were awarded to directors on November 30, 2018 but have not yet been credited to the directors' accounts on December 31, 2018. The amount does not include the number of DSUs to be credited to directors' accounts in respect of the additional board retainer, retainer fees for committee chairs earned by a director and meeting fees earned in 2019. The amount also excludes dividend equivalents that may be credited on such amounts in 2019 as those dividends have not yet been declared. DSUs awarded on November 30, 2018 will be credited to each director's account at the end of each financial quarter in 2019, in an amount equal to ¼ of the annual grant, or a pro rata for periods of partial service. The only condition of vesting (crediting) to each director's account is the director's continued service on the Board.

⁽³⁾ Calculated based on the market price of the Shares at December 31, 2018 (\$18.29) multiplied by the total number of DSUs credited to the directors' accounts at December 31, 2018. Once DSUs are credited to a director's account, they may be redeemed only after the director ceases to be a director, in accordance with the terms of the DSU Plan, as described above under the heading *Deferred Share Unit Plan* on page 13.

⁽⁴⁾ James D. Hill elected to receive no compensation for his role as director during 2018.

Compensation Discussion and Analysis (“CD&A”)

The CD&A describes the compensation programs and practices applicable to Pason’s executive officers, including the process by which compensation decisions are reached by the Human Resources and Compensation Committee (the “HRC Committee”) and the Board.

The CD&A focuses on the compensation paid or payable to Pason’s Chief Executive Officer (or “CEO”), Chief Financial Officer (or “CFO”) and the next three most highly compensated executive officers (collectively, the “Named Executive Officers” or “NEOs”) for the fiscal year ended December 31, 2018. Pason’s NEOs for 2018 are as follows:

Name	Title
Marcel Kessler	President & Chief Executive Officer
Jon Faber	Chief Financial Officer
Timur Kuru	VP Operations USA
Russell Smith	VP Operations Offshore & International
Kevin Boston	VP Business Development

Pason’s Executive Compensation Approach

At Pason, executive compensation is a key component of our strategy. Pason operates in a highly demanding, complex, and competitive business environment. The Corporation’s business is technology intensive and the reward for business decisions and investments in research and development and information technology made today may not be realized for several years. Pason seeks to drive long-term Shareholder value by ensuring that the compensation strategy incorporates the following guiding principles:

Shareholder Alignment	Align the interests of executives with those of Shareholders by ensuring a significant portion of executives’ variable compensation is driven by Shareholder returns and requiring executives to purchase a stake of Shares that is personally significant.
Pay for Performance	Emphasize performance-based compensation that rewards both corporate and personal performance, with a significant portion of executive pay-at-risk.
Competitive with Peers	Provide market-competitive compensation designed to motivate, retain, and attract qualified executives to deliver on the Corporation’s strategy and business plans.

Human Resources and Compensation Committee (“HRC Committee”)

The HRC Committee assists the Board in overseeing the design and administration of Pason’s human resources and compensation policies and practices. The HRC Committee is governed by the Board so all recommendations developed by the HRC Committee must be reviewed and approved by the Board.

The specific responsibilities of the HRC Committee are outlined in its Mandate, which is available on our website at www.pason.com.

The primary responsibilities of the HRC Committee are as follows:

- Review Pason’s general compensation philosophy and programs for executives and employees and oversee the development and implementation of compensation programs
- Annually evaluate the performance of the CEO and recommend to the Board the total compensation of the CEO in light of such performance, along with the assessment of the other executives and their total compensation, as recommended by the CEO

- Review and approve any equity-based compensation plans, including stock option plans and any other incentive plans involving the issue of Shares, along with the administration of such plans
- Review and make recommendations on Pason's retirement plans and any proposed amendments that materially impact costs, benefits, plan eligibility, or plan establishment
- Establish stock ownership guidelines for executives and monitor compliance

Composition of the HRC Committee

The HRC Committee currently includes T. Jay Collins, Chair of the HRC Committee, James B. Howe, and Judi M. Hess. All members of the HRC Committee are independent and have the knowledge, skills, and experience necessary to effectively fulfill their duties. Additional information regarding each member's education, experience and expertise is provided under the heading, *Director Biographies*, on page 8. Additional information regarding the independent status of each Board member is provided under the heading, *Corporate Governance Disclosure*, on page 38.

Independent Compensation Advisor

The HRC Committee, may, from time-to-time, retain an independent compensation advisor(s) to:

- Assess the design of Pason's executive compensation program and provide recommendations based on best practices in Canada and the United States
- Review the compensation and pay level of each executive officer relative to Pason's established compensation peer group
- Provide advisory services pertaining to corporate governance and compensation risk

Information provided by an independent compensation advisor is one component of the HRC Committee's deliberations regarding Pason's compensation program. The HRC Committee also takes into consideration various other factors when approving and developing compensation recommendations, including corporate performance and individual accomplishments in the performance year.

The HRC Committee pre-approves all services provided by an independent compensation advisor to ensure it remains objective and independent. In 2018, the HRC Committee did not engage an independent compensation advisor to review or assess Pason's executive compensation program. However, Pason does continue to engage Mercer to provide services for Pason's health, welfare, and pension benefits, as outlined in the table below:

	2018	2017
Executive compensation-related fees	-	-
Other fees ⁽¹⁾	\$55,552	\$49,512
Total fees	\$55,552	\$49,512

(1) Fees and commissions paid to Mercer for pension and benefits consulting.

Compensation Approval Process

Each executive officer has specific performance targets and is compensated based on the achievement of corporate and individual objectives for the year. The CEO is responsible for providing compensation recommendations for the senior leadership team which is reviewed and approved by the HRC Committee.

At the end of November, the HRC Committee receives compensation recommendations from the CEO for the senior leadership team. In its compensation review, the HRC Committee considers the compensation levels for each executive to: (i) ensure consistency and appropriateness of corporate and individual performance and application of incentive awards; and (ii) assess the relative positioning of each executive with external and internal peers. The HRC Committee will also take into consideration broader implications, such as current industry conditions, Pason's Share price performance and returns to Shareholders.

The HRC Committee presents all compensation recommendations for executive officers, including the CEO, to the Board for its review.

Pason's compensation peer group

Pason's direct competitors are predominantly subsidiaries of larger organizations, which make compensation comparisons difficult, as there are few industry peers. However, to attract, motivate, and retain the talent needed to execute the business strategy, Pason's compensation program must be competitive relative to the market.

In 2015, the HRC Committee worked with Mercer to establish a group of fourteen (14) appropriate industry peers (the "Comparator Group") to evaluate and benchmark executive compensation. These companies were selected based on their comparability to Pason using the following metrics:

- Market capitalization
- Enterprise value
- Revenue
- Adjusted EBITDA
- Geographic focus
- Capital requirements
- Length of business cycle
- Complexity of service offerings

Since the establishment of the Comparator Group several companies have been de-listed. In 2018, the Comparator Group included thirteen (13) companies with three Canadian companies (SES, SCL and EFX) and two US companies (OII and OIS) having been added to the Comparator Group by the HRC Committee. The HRC Committee will continue to monitor the Comparator Group for future years and adjust as necessary.

Pason's Comparator Group is comprised of the following companies:

Canadian Companies	US Companies
Trican Well Service (TSX: TCW)	Dril-Quip Inc. (NYSE: DRQ)
CES Energy Solutions Corp. (TSX: CEU)	Forum Energy Technologies Inc. (NYSE: FET)
Calfrac Well Services Ltd (TSX: CFW)	Helix Energy Solutions Group (NYSE: HLX)
Ensign Energy Services (TSX: ESI)	Oceaneering International Ltd. (NYSE: OII)
Precision Drilling Corp. (TSX: PD, NYSE: PDS)	Oil States International Ltd. (NYSE: OIS)
Secure Energy Services (TSX: SES)	
ShawCor (TSX: SCL)	
Enerflex (TSX: EFX)	

Performance Share Unit (PSU) plan peer group

Under the PSU Plan, Pason's Total Return to Shareholder ("TRS") performance is measured against two (2) indices: the SPTTEN (S&P/TSX Capped Energy Index) and the OSX (PHLX Oilfield Services Sector Index). The SPTTEN index is comprised of thirty-eight (38) Canadian energy companies. The OSX index is comprised of fifteen (15) American oilfield service companies. Additional information regarding the Corporation's PSU Plan can be found under the heading, *Performance share unit (PSU) plan*, on page 22.

Managing Compensation Risk

The HRC Committee and Board are committed to ensuring the potential risks associated with Pason's compensation program are identified and mitigated to avoid adverse effects to the Corporation.

Pason's executive compensation program is designed to ensure a significant portion of an executive's compensation is at-risk and directly tied to the Corporation's achievement of its strategic, financial, and operational goals. Pason's compensation structure, and mix of short-, medium-, and long-term rewards, reinforces an appropriate level of risk-taking behaviour and does not encourage sub-optimization or reward actions that could produce short-term success at the cost of longer-term sustainable Shareholder value. In addition, the Board monitors and approves all significant capital expenditures, annual operating budgets, and strategic business plans. Together, the HRC Committee and Board have the discretion to make

changes to executive compensation considering the Corporation's actual performance and individual accomplishments.

Pason's compensation program also includes other safeguards that strengthen the link between the behaviours of executive officers and interests of Shareholders, as summarized in the table below:

What we do:	
✓	Conduct an annual 'say on pay' vote
✓	Execute a balanced mix of short, medium and long-term incentives
✓	Emphasize performance-based compensation
✓	Place caps on incentive compensation payments to avoid excessive payouts
✓	Use threshold performance levels so executives must deliver a minimum level of performance to receive certain incentive compensation payments
✓	Provide Share ownership guidelines for all executive officers
What we don't do:	
×	No transfer of long-term incentives (except in the case of death)
×	No extensions of long-term incentives
×	No loans to purchase Shares
×	No excessive contracts, severance packages or guaranteed compensation for executive officers
×	No executive employment contracts with multi-year guaranteed pay increases, STIP awards or LTI grants

The HRC Committee believes that the features of Pason's executive compensation program mitigate risk by diversifying rewards and eliminating reliance on any single performance measure to determine incentive compensation for executive officers. Through its ongoing oversight of the Corporation's compensation policies and involvement in the annual compensation recommendations for the CEO and executive officers, the HRC Committee and the Board have determined that there are no risks arising from Pason's compensation policies and practises that are reasonably likely to have a material adverse effect on Pason.

Anti-hedging

The Corporation does not have a policy dealing with hedging or other instruments to offset changes in the market value of Shares. The Board believes that taking a speculative position against the Corporation's performance would be inappropriate and would not be tolerated. All members of management are aware of this stance.

Many Shareholders have advised management that the significant ownership stake the Chairman of the Board, James D. Hill, has in Shares should not be discouraged with any policy that would motivate him to reduce his holdings. The Shares represent a significant portion of James D. Hill's assets and preventing him from pledging some of those Shares or otherwise leveraging his ownership interests may have the effect of encouraging him to divest some of those Shares. James Hill is actively involved in a variety of philanthropic and other business activities, which, from time-to-time, require capital that would otherwise be unavailable to him were he unable to monetize some of these Shares.

Compensation Elements

Pason's total compensation package includes fixed and variable components. The components are designed to support the philosophy of pay-for-performance, with a significant portion of an executive's total compensation being variable to incentivize strong performance and create Shareholder value. Fixed compensation elements include base pay, benefits, and a retirement savings plan. Variable at-risk elements include an annual performance bonus and medium- and long-term incentive awards. The table below provides a summary of the different executive compensation elements:

Type of Award	Form of Award	Performance Period	Payout
Base Salary	Cash	1 Year	Fixed
Short-Term Incentive ⁽¹⁾ (STIP)	Cash	1 Year	At-risk Payout is based on corporate and individual performance
Medium-Term Incentive (MTIP)	Performance Share Units (PSUs) ⁽²⁾ (Restricted Share Units for other employees)	3 Years	At-risk Payout is settled in cash and varies based on Pason's relative Total Return to Shareholder (TRS) performance against the Corporation's defined peer group
Long-Term Incentive (LTIP)	Stock Options ⁽³⁾	Maximum 5 Years (1/3 vests each year over 3 years)	At-risk Payout is settled in cash or shares
Benefits	Life, Health, Dental insurance	Ongoing	Benefits vary by country
Retirement Savings	Cash	Ongoing	Contributions vary by country

⁽¹⁾ This is a discretionary cash bonus program and is further described below under the heading *Variable Compensation* on page 21.

⁽²⁾ In 2014, Pason adopted a PSU plan for its NEOs and certain other executives. The PSU Plan replaced the RSU plan for these executives and participants of the PSU plan are no longer eligible to receive new grants under the RSU plan. RSUs continue to be granted to other employees, as described under the heading *Restricted share unit (RSU) plan* on page 22. The PSU plan is further described under the heading *Performance share unit (PSU) plan* on page 22.

⁽³⁾ The Stock Option plan is further described under the heading *Long-Term Incentives* on page 24.

Compensation Mix

The HRC Committee establishes a target compensation mix for each executive level based on the executive's ability to affect results over the medium- to long-term. (Across all Pason employees, more senior roles have a higher percentage allocated to variable- and longer-term compensation.) The HRC Committee also takes into consideration market practice for similar positions in the Comparator Group.

The following outlines the 2018 target compensation mix for the CEO and the average target compensation for the other NEOs:



Fixed Compensation

Base salary

Base salary reflects the scope, responsibility, accountability, and complexity of an executive's role. Annual base salary adjustments are normally effective January 1 of each year. Adjustments may be awarded based on a combination of:

- Pason's financial performance and ability to pay
- An individual's performance
- Significant changes to an individual's duties and responsibilities
- Competition within the market where the Corporation competes for talent

Additional information regarding NEO salaries can be found under the heading, *Summary Compensation Table*, starting on page 32.

Variable Compensation

Short-term incentive plan (cash bonus)

Pason's supports a pay-for-performance philosophy. All employees, including NEOs, are eligible for an annual discretionary cash bonus. The annual discretionary cash bonus aligns a component of the employee's total compensation with the Corporation's financial and operational success, while also taking into consideration an individual's contributions for the performance year. Each employee has a cash bonus target, which is expressed as a percentage of base salary. Targets vary by level within the Corporation, with senior level positions having proportionately more pay-at-risk. This program is designed to ensure cash bonuses are only paid out in times when financial performance warrants, given the volatility and nature of the industry.

The HRC Committee approves cash bonus targets for NEOs, considering a role's responsibilities and business impact, in addition to benchmark data of the Comparator Group. Bonus targets for NEOs are expressed as a percentage of base salary, as summarized in the table below:

Position	Target Bonus
President & Chief Executive Officer	100% to 150%
Chief Financial Officer	75% to 100%
Vice President	40% to 75%

Given the challenging industry conditions and Pason's financial performance, no discretionary bonus payments were granted in 2015 and 2016. In 2017, the HRC Committee decided that the level of profitability achieved for the year was not yet sufficient to allow the target bonus to be awarded to all NEOs.

Pason believes in promoting a team approach and collaborative culture, while also recognizing individual contributions. Therefore, except for the CEO, the determination of the cash bonus for NEOs depends on corporate, as well as individual performance. The table below summarizes the performance weightings used to calculate cash bonus payments:

Position	Corporate Performance	Individual Performance
President & Chief Executive Officer	100%	-
Other NEOs	70%	30%

Corporate performance components are summarized in the table below:

Corporate Performance Components	
Financial Metrics	
Normalized pre-tax income ⁽¹⁾	Calculated by taking net income and adding back income tax, stock-based compensation, foreign exchange gains/losses, gains/losses on disposal of assets and one-time items (at the discretion of the HRC Committee)
Return on invested capital ^{(1),(2)}	Calculated by taking normalized net income plus after-tax interest expense, divided by average invested capital (Shareholders' equity plus interest-bearing debt less cash and cash equivalents)
Operational Metrics	
Strategic initiatives	Essential to support future growth
Employee retention	Essential to maintain a high level of customer service
Safety performance	Essential to operations to keep employees safe

⁽¹⁾ This measure is not recognized under International Financial Reporting Standards.

⁽²⁾ Normalized net income is defined as net income adjusted for the tax affected amounts relating to foreign exchange gains/losses, losses (gains) on disposal of assets, stock-based compensation and one-time items (at the discretion of the HRC Committee). Average invested capital is calculated using balances at the start of the year and the end of each quarter.

Individual performance measures an Executive participant's contributions, based on role-specific objectives set forth at the beginning of the performance year.

Cash bonus payments are made before the end of the first quarter, following the respective performance year, subject to review and approval of Pason's year-end audited financial statements by the Board.

Medium-Term Incentives

Restricted share unit (RSU) plan

The RSU Plan was adopted by the Corporation in 2008 to promote a greater alignment of interests between designated participants and Shareholders by providing remuneration based on the market value of Shares. It is a cash-based plan under which no Shares are issued. The HRC Committee may recommend RSUs be granted to employees of the Corporation and to other persons, if approved by the HRC Committee in advance.

RSUs are awarded annually, normally in November of each year (the "Award Date"), and from time-to-time, during each year. RSUs mature over three years and one-third of the Shares are paid out on each of the first, second, and third anniversaries (the "Maturity Date") of the Award Date. On the applicable Maturity Date, the number of RSUs maturing will become payable to each participant, in cash. The amount payable is determined by multiplying the number of RSUs by the current market value of Shares on the applicable Maturity Date. The current market value is defined as the weighted average trading price of Shares for the last five trading days on the Toronto Stock Exchange, up to, and including, the closing market price on the Maturity Date. In the event of a change of control, all participants would be entitled to accelerated maturity of all unmaturing RSUs.

In 2014, Pason replaced the RSU Plan with the PSU Plan for executive officers. All RSUs previously granted will continue to mature in accordance with the terms of the RSU Plan. Pason continues to use RSU grants as a medium-term incentive for all other eligible positions across Pason, and for initial one-time grants for certain newly hired executive officers.

Performance share unit (PSU) plan

The PSU Plan was implemented in 2014 and is consistent with Pason's pay-for-performance philosophy. It is a cash-based plan under which no Shares are issued. The PSU Plan provides incentive for executives to drive superior long-term performance without diluting Shareholder value and directly aligns a significant portion of executive compensation to Pason's Total Return to Shareholders ("TRS") over a multi-year period. Executive participants are no longer eligible to receive RSU grants; however, all previously granted

RSUs will continue to mature in normal course. PSU awards are based on a target value as a percentage of base salary, which is as follows:

Position	Target PSU Award as a percentage of base salary ⁽¹⁾
President & Chief Executive Officer	100%
Chief Financial Officer	100%
Vice President	50% to 100%

⁽¹⁾ The HRC Committee may determine the grant value or number of PSUs at its sole discretion, which may include taking factors into consideration such as compensation data from comparable benchmark positions against Pason's Comparator Group; duties and seniority of the executive; individual and/or departmental contributions and potential contributions to the overall success of Pason; and such other factors as the HRC Committee shall deem relevant in determining the grant value or number of PSUs to be awarded.

The following metrics are used in the PSU Plan to calculate payouts:

Total Return to Shareholders (TRS)	The percentage change in the volume-weighted average market price of PSI ("Average PSI") in the Measurement Period compared to the Average PSI in Year 0
Indices	The "SPTTEN Return" is the percentage change in the average market price of the SPTTEN (S&P/TSX Capped Energy Index) (the "Average SPPTEN") in the Measurement Period compared to the Average SPTTEN in Year 0. The "OSX Return" is the percentage change in the average market price of the OSX (PHLX Oilfield Services Sector Index) (the "Average OSX") in the Measurement Period compared to the Average OSX in Year 0
Index Return (IR)	The simple average of the SPTTEN Return and the OSX Return
Relative Return (RR)	RR is calculated by subtracting the IR from the TRS

⁽¹⁾ The Measurement Period is the historical period of time between the grant date of the applicable PSUs and the relevant annual payout date.

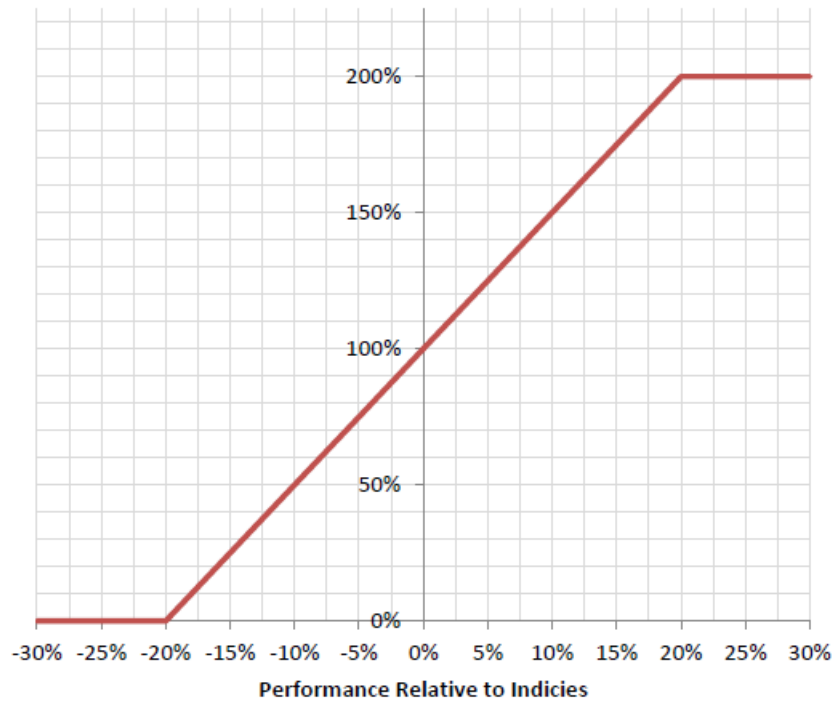
⁽²⁾ Year 0 is equal to the 12-month historical period of time immediately preceding the day that is exactly one, two, or three years before the annual payout date.

If TRS performs in parallel with the Index Return, the Relative Return metric would equal zero. If TRS outperforms the Index Return the Relative Return metric will be positive, and if TRS underperforms the Index Return, the Relative Return metric would be negative.

If outperformance is achieved, the payout would increase in a linear fashion up to a maximum of 200% of a participant's Target PSU Payouts, reached at a relative outperformance of +20%. If underperformance occurs, the payout would decrease in a linear fashion to a zero-dollar payout at a relative underperformance of -20%. The payout for relative performance between -20% and +20% is determined on the following page.

$$\boxed{\text{Number of Vested PSUs}} \times \boxed{\begin{matrix} (1) \\ [1 + 5 \times \text{RR}] \end{matrix}} \times \boxed{\$1.00} = \boxed{\text{PSU Payout (\$)}}$$

PSU Performance Multiplier



(1) "5" is equal to the slope of the performance multiplier, as indicated in the vertical axis in the chart.

PSUs are paid over three years (one-third each year) in cash on the first, second, and third anniversaries of their grant, which will normally be at the end of November of each year.

Long-Term Incentives

Stock option plan

The long-term incentive plan gives executives and eligible employees (restricted to select positions which typically include executives, senior managers, or top individual contributors) the opportunity to receive stock options each year. The number of stock options awarded is based on individual performance, the level of impact of the position within the Corporation, and overall market competitiveness.

In 1996, the Board and Shareholders approved and adopted Pason's first incentive stock option plan. On October 23, 2008, the Shareholders approved the cancellation of that incentive stock option plan and replaced it with the Existing Stock Option Plan. The Existing Stock Option Plan was re-approved by Shareholders on May 8, 2012, as required by the TSX. On May 3, 2018, Shareholders approved the Amended and Restated Stock Option Plan.

The purpose of the Amended and Restated Stock Option Plan is to encourage officers and employees of the Corporation to obtain a proprietary interest in the Corporation by permitting them to purchase Shares, thereby encouraging them to remain employed by Pason and creating an additional incentive in their efforts on behalf of Pason.

The total number of Shares issuable under the Amended and Restated Stock Option Plan may not exceed 7% of the Corporation's issued and outstanding Shares on a non-diluted basis. However, as discussed in the paragraph below, the potential dilution rate since 2014 has been between 5.4% and 6.5%.

The following table shows the historical rate of dilution of the Corporation's float that would be caused by the exercise of all stock options outstanding during the year indicated.

	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018
Shares outstanding, end of period (# in 000's)	83,363	84,063	84,628	85,059	85,703
Options outstanding, end of period (# in 000's)	4,492	4,862	5,075	5,514	5,534
Options outstanding as a % of Shares	5.39	5.78	6.00	6.48	6.46

As at March 18, 2019, there were 85,786,672 Shares outstanding and 5,411,490 options to purchase Shares (equal to 6.3% of the outstanding Shares) outstanding. Pursuant to the Amended and Restated Stock Option Plan, the maximum percentage of Shares issuable is limited to 7% of issued and outstanding Shares. As a result, Pason had 593,577 options available for grant.

In 2018, 33% of new stock options issued were awarded to NEOs, and the remaining 67% of new stock options issued were awarded to other eligible employees.

The following table sets out the grant rate of stock options and the year-end dilution level of those options for the past three years:

Year	Stock Options Grant Rate ⁽¹⁾	Year-End Dilution Level of Stock Options as a Percentage of Shares Outstanding ⁽²⁾
2018	1.5%	0.4%
2017	1.8%	0.6%
2016	1.8%	0.6%

⁽¹⁾ Stock Options Grant Rate is calculated by dividing the total number of options granted per year by the weighted average of outstanding Shares as determined at year end.

⁽²⁾ Year-End Dilution Level of Stock Options as Percentage of Shares Outstanding is calculated by dividing the dilution level of stock options in-the-money by the weighed average of outstanding Shares as determined at year end.

Equity Compensation Plan Information

The following table contains information in respect of the Corporation's Amended and Restated Stock Option Plan under the heading *Stock option plan* on page 24, that being the only compensation plan under which equity securities of the Corporation are authorized for issuance. The information contained in the table is at December 31, 2018.

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in first Column)
Equity compensation plans approved by Shareholders	5,533,722	\$20.00	465,465
Equity compensation plans not approved by Shareholders	-	-	-
Total	5,533,732	\$20.00	465,465

Under the Amended and Restated Stock Option Plan, no participant may, at any time, hold options of more than 5% of the issued and outstanding Shares of the Corporation. Also, no insider may, at any time, hold options or other rights that could result in the issuance, in any 12-month period, of a number of Shares exceeding 5% of the Corporation's then issued and outstanding Shares. The total number of Shares subject to options issued to insiders within any one-year period or issuable to insiders at any time, when combined with any and all other equity-based incentive plans of the Corporation pursuant to which Shares may be issued, may not exceed 7% of the total issued and outstanding Shares. The benefits, rights, and options under the Amended and Restated Stock Option Plan are not transferable or assignable, other than for normal estate settlement purposes.

Stock options are granted annually, normally in November of each year, and from time-to-time during the year as is necessary and appropriate. Eligibility for annual grants is dependent on employee performance and potential long-term contribution to, and impact on, the Corporation. Officers and employees of the Corporation or any of its subsidiaries or affiliates are entitled to participate in the Amended and Restated Stock Option Plan. Non-employee directors are not eligible to participate, and the Board may not amend the plan to allow their participation without Shareholder approval.

The exercise price for options is set by the Board at the time such options are granted (the "Grant Date") and cannot be less than the closing market price of Shares listed on the stock exchange on the last trading day before the Grant Date. Options normally vest in equal amounts over three years; however, the Board has the authority to determine other vesting timeframes and restrictions at the time such options are granted. The Board also sets the expiration time by which options may be exercised, which must be less than ten years or a shorter period if prescribed by the stock exchange. All options that have been granted since 2008 expire five years from their Grant Date. If any stock options expire during a trading blackout period, the expiration date is extended by ten days for any option holders subject to that trading blackout period.

If an option holder's employment is terminated for any reason other than death or permanent disability, the participant must exercise his or her options by the earlier of 90 days from that termination date or the option expiry date. In the event of an option holder's death or termination as a result of permanent disability, the time to exercise the stock options that had vested as of the date of death or termination is extended to 12 months, and unvested options vest on a pro-rata basis.

Under the terms of the Amended and Restated Stock Option Plan, in the event of a change of control, all unvested stock options would immediately vest.

The Board has full authority to administer the Amended and Restated Stock Option Plan, including the power to suspend or terminate it. The Board also has authority to amend or revise its terms, subject to any required Shareholder approval, provided such amendment or revision neither requires approval of a regulatory authority or stock exchange having jurisdiction over the Shares nor has an effect on the beneficial rights of option holders.

The Board may not, without Shareholder approval, amend or revise the plan or any option granted under the plan that has the effect of:

- Increasing the number of Shares reserved for issuance
- Reducing the exercise price of an option or cancelling and reissuing an option
- Extending the option period beyond its original expiration date
- Allowing non-employee directors to participate
- Permitting the transfer or assignment of options, other than for normal estate settlement purposes
- Amending the amendment provisions of the plan

Under the terms of the Amended and Restated Stock Option Plan, the Board may, without Shareholder approval, effect the following changes to the plan or to any option issued thereunder:

- Modify a provision of the Amended and Restated Stock Option Plan, which is required to comply with applicable laws or any regulatory authority or stock exchange having jurisdiction over the Shares
- A modification that extends or accelerates the terms of vesting applicable to any option
- A modification, the object of which is to correct any provision that is inapplicable or ambiguous or is an error or omission, and make amendments of a “housekeeping” nature
- A modification that amends or modifies the mechanics of exercise of an option

No financial assistance by the Corporation is provided to grantees of options under the Amended and Restated Stock Option Plan.

Benefits and perquisites

Pason provides a market competitive employment benefits program to eligible employees, including NEOs, which may include life insurance, medical, dental, short- and long-term disability programs, emergency travel assistance, and retirement savings plans. The program differs in the geographic areas where the Corporation operates, based on competitive local practices. Eligible employees participate in the plan(s) appropriate to their country of residence and their employment status with the Corporation.

Pason offers retirement savings plans to eligible employees, including executives, in both Canada and the United States. In Canada, the Corporation makes a matching contribution through a group registered retirement savings plan (RRSP) on behalf of each participating employee, up to a maximum of 5% of annual base salary, provided such annual contributions are within the limits prescribed by the Income Tax Act (Canada). For employees in the United States, a fixed contribution is made to a 401(K) Safe Harbor Plan at a rate of 3% of annual base salary on behalf of each employee, provided such contributions are within the limits prescribed by the Internal Revenue Code (USA).

The Corporation does not provide executives with a company vehicle or vehicle allowances, or other such perquisites. The value of the benefit arrangements outlined above provide additional compensation to the Corporation’s NEOs that are competitive with those provided in the industry and are not in aggregate more than \$50,000 or 10% of the executive’s annual total compensation for the financial year and, as such, is included in the table provided under the heading, *Summary Compensation Table*, on page 32.

Executive share ownership guidelines

The Board believes that NEOs and certain other executives should have meaningful personal holdings of Pason shares to further align their interests and actions with the interests of the Corporation’s shareholders. The Executive Share Ownership Guidelines require that:

- The Chief Executive Officer must own Shares equal to three (3) times base salary
- The Chief Financial Officer must own Shares equal to two (2) times base salary
- Vice Presidents must own Shares equal to one (1) times base salary

Each covered executive has five years from the date of appointment to the applicable executive position to attain the required level of Share ownership. The Board has granted executives who were subject to these Guidelines prior to 2019 an extended period of eight (8) years to meet their respective targets due to challenging market conditions in prior years, which resulted in several years of no performance bonus and

several stock option grants expiring or remaining “out of the money”. Once an executive’s Share ownership has met the target, the executive is expected to maintain such ownership for as long as he or she is subject to the guidelines.

The value of shareholdings is calculated as the greater of 1) the current market value of the shares, and 2) the acquisition cost of such shares. Holdings that will not be considered when measuring share ownership include unexercised stock options (whether vested or unvested), unvested RSUs, and unvested PSUs. If an executive is not in compliance with the ownership target, the Board may require the executive to utilize up to 50% of any after-tax payout under the RSU Plan and PSU Plan to purchase Shares of the Company on the open market. If the share value ownership target increases because of an increase in annual base salary, the executive has two years to meet the incremental target.

The following table shows the holdings of each NEO, as at March 18, 2019.

Name	Number of Shares Owned	Market Value of Shares Owned
Marcel Kessler President & CEO	52,638	\$1,085,922
Jon Faber CFO	17,500	\$361,025
Timur Kuru VP Operations USA	60,000	\$1,237,800
Russell Smith VP Operations Offshore & International	14,790	\$305,118
Kevin Boston VP Business Development	11,001	\$226,950

2018 Compensation of Named Executive Officers

The total direct compensation mixes for the President & Chief Executive Officer and other NEOs consists of base salary, short-term (cash bonus), medium-term (PSUs), and long-term (stock option) incentives. In 2016 no cash bonuses were awarded because of adverse market conditions and Pason's financial performance.

The total direct compensation paid and awarded to Pason's President & Chief Executive Officer and to the other NEOs aligns with and reflects Pason's compensation strategy, as outlined in the section titled, *Compensation Discussion and Analysis ("CD&A")* on page 16.

Performance Analysis

Pason's mission is to deliver technology and services that improve the effectiveness, efficiency, and safety of drilling operations worldwide. The deployment of simple-to-use, tough, and innovative technologies supported by an unrivalled service organisation has enabled Pason to create a dominant market presence in Canada, a leading position in the United States, and a very strong presence in Latin America and Australia, with a growing customer base in the Middle East.

Pason is pursuing a balanced value strategy intended to defend the Corporation's leading market positions, steadily grow revenue per rig in the North American rental market, increase revenue independent of North American land drilling activity, and continue to deliver dividend growth for Shareholders while maintaining a strong balance sheet. In addition, Pason is leveraging its unique product platform and distinctive technical capabilities to become a key enabler of drilling intelligence solutions and big data strategies.

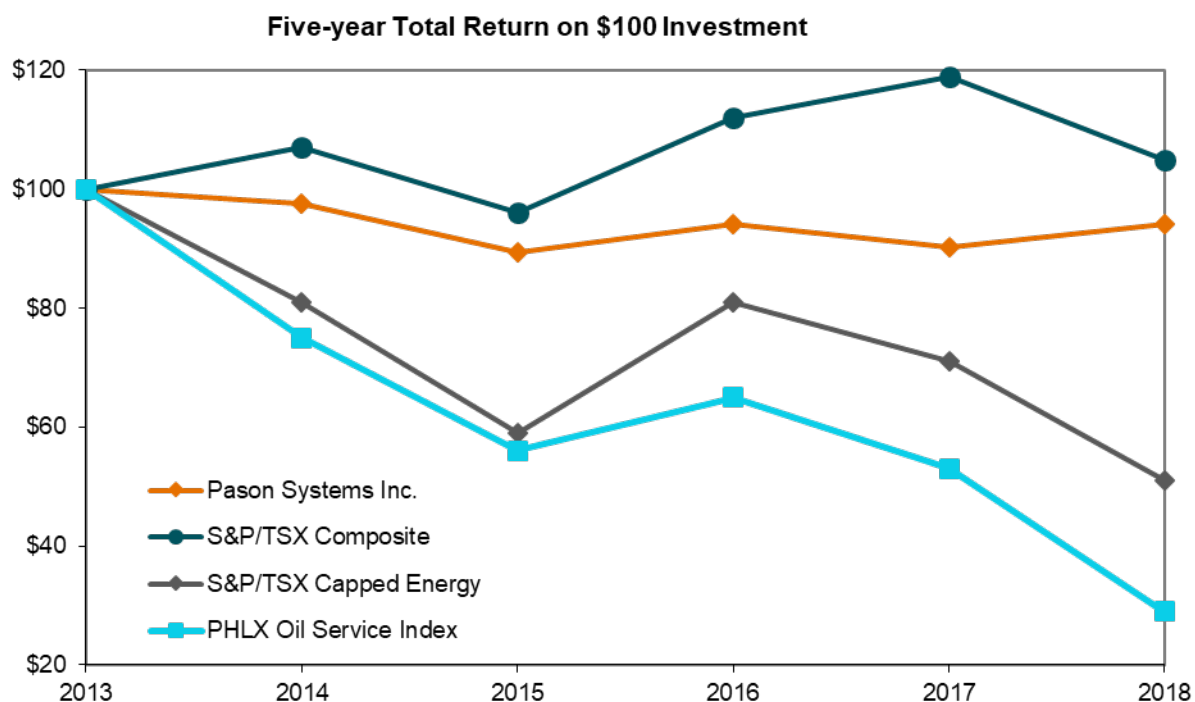
Under the leadership of Marcel Kessler, President & Chief Executive Officer, after having successfully navigated a very challenging downturn, Pason was able to fully participate in the industry's upturn while containing the growth in the cost base. Revenue per EDR day was up materially driven by increased adoption of new and existing products. Normalized Pre-Tax Income grew 115% from the previous year and Return on Invested Capital came in at 43%. We were able to increase the dividend during the year and ended the year with a cash balance of \$204 million. Specific achievements for the past 12 months include:

- Grew fourth quarter US Revenue per EDR day 8% year-over-year to an all-time high of US\$705, while increasing market share
- Grew fourth quarter Canadian Revenue per EDR day 12% YoY to \$1,183 while defending market share
- Fully participated in the recovery of international businesses while containing the growth of costs
- Successfully launched new Drilling Intelligence products including the ExxonMobil Drilling Advisory System™, AC AutoDriller, abbl Directional Advisor™, and Pivot
- Successfully transitioned from satellite as primary means of remote bandwidth to terrestrial
- Several new patents issued and pending in Canada and the United States
- Launched first Pason Power commercial offering
- Successfully transitioned all major DataHub services from physical data centres to the Cloud
- Consistently generated incremental EBITDA margins of 75%+
- Held capital expenditure level consistent with 2016 and 2017, and much lower than previous years
- PSI shares significantly outperformed the relevant Canadian (SPTTEN) and US (OSX) indices

The compensation received by the President & Chief Executive Officer and executive management was, in the opinion of the HRC Committee and the Board, aligned with Shareholder returns and corporate achievements in 2018.

Performance graph

The following performance graph illustrates over a five-year period the cumulative return to Shareholders of an investment in Shares compared with the cumulative total Shareholder return on the TSX Composite Index, the TSX Capped Energy Index (SPTTEN) and the PHLX Oil Service Sector Index (OSX), the latter two being those indices used by the Corporation to measure relative returns under the PSU Plan. The graph assumes the reinvestment of dividends, and the returns are measured using the closing price of the Shares of the Corporation as at December 31 of the year indicated.



Index	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Pason Systems Inc.	100	98	89	94	90	94
S&P/TSX Composite	100	107	96	112	119	105
S&P/TSX Capped Energy (SPTTEN)	100	81	59	81	71	51
PHLX Oil Services Sector (OSX)	100	75	56	65	53	29

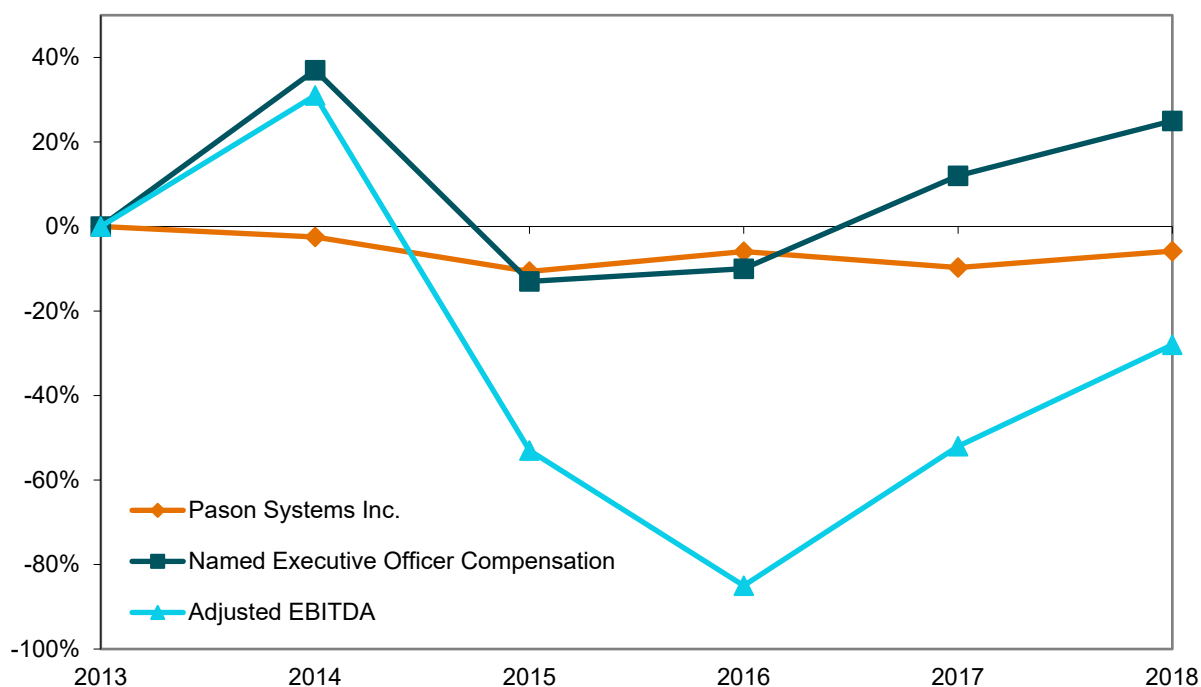
The HRC Committee and the Board believe that compensation of the President & Chief Executive Officer and executive management is aligned with Shareholder returns on their investment, as demonstrated by Pason's performance relative to the indexes as shown in the above graph.

Compensation Compared with the Shareholder Return and Adjusted EBITDA

The following graph illustrates the total compensation of the NEO compared to the cumulative return to Shareholders of an investment in the Shares ("Returns to Shareholders") and the Adjusted EBITDA of the Corporation (a non-IFRS measure) over a five-year period. The graph assumes the reinvestment of dividends, and the returns are measured using the closing price of the Shares as at December 31 of the year indicated, and the Corporation's Adjusted EBITDA, which is defined for these purposes as earnings before interest, taxes, depreciation and amortization, stock-based compensation, gain on sale of investments, impairment losses, litigation, earn-out provisions, foreign exchange, and restructuring costs. The Corporation uses Adjusted EBITDA in this comparison graph to gauge total returns comparatively.

because it provides an indication of the results generated by the Corporation's principal business activities prior to provisions and impairment losses that are not considered to be part of day-to-day operations.

Compensation compared with Shareholder Return and Adjusted EBITDA



Index	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018
	%	%	%	%	%	%
Pason Systems Inc. TRS	0	(2)	(11)	(6)	(10)	(6)
NEO Compensation	0	37 ⁽²⁾	(13)	(10)	12	25
Adjusted EBITDA ⁽¹⁾	0	31	(53)	(85)	(52)	(28)

⁽¹⁾ Adjusted EBITDA is a non-IFRS measure.

⁽²⁾ 2014 NEO Compensation includes total compensation paid to both David Elliott and Jon Faber, who both acted in the role of CFO during 2014 and their total compensation is therefore required to be disclosed in this circular (increasing the number of NEOs for 2014 from five to six for disclosure purposes).

Summary Compensation Table

The following table provides a summary of the compensation paid or awarded to each NEO during the last three years. Amounts earned, but not paid, are reflected in the period in which the compensation was earned.

Name and Principal Position	Year	Base Salary	Short-Term Incentive Plan	Medium-Term Incentive Plan ⁽¹⁾		Long-Term Incentive Plan	All Other Compensation ⁽²⁾	Total Compensation
			Cash Bonus ⁽³⁾	RSU Grants	PSU Grants	Stock Option Grants ⁽⁴⁾		
Marcel Kessler President & CEO ⁽⁵⁾	2018	\$540,000	\$600,000		\$600,000	\$558,990	\$12,375	\$2,311,365
	2017	\$525,000	\$400,000	-	\$600,000	\$496,500	\$14,219	\$2,035,719
	2016	\$525,000	-	-	\$600,000	\$432,228	\$17,500	\$1,574,728
Jon Faber CFO	2018	\$323,000	\$250,000		\$323,000	\$279,495	\$16,150	\$1,191,645
	2017	\$315,000	\$200,000	-	\$315,000	\$248,250	\$13,650	\$1,091,900
	2016	\$315,000	-	-	\$315,000	\$216,114	\$9,450	\$855,564
Timur Kuru VP US Operations ^{(6) (7)}	2018	\$398,483	\$259,176		\$350,000	\$372,660	\$10,691	\$1,391,010
	2017	\$389,451	\$175,253	-	\$325,000	\$331,000	\$10,515	\$1,231,219
	2016	\$132,560	-	\$235,680	\$400,000	\$288,152	\$4,359	\$1,060,751
Russell Smith, VP International Operations ⁽⁷⁾	2018	\$314,250	\$136,067		\$200,000	\$167,697	\$9,428	\$827,442
	2017	\$308,315	\$110,344	-	\$200,000	\$148,950	\$9,250	\$776,859
	2016	\$314,830	-	-	\$200,000	\$123,905	\$9,445	\$648,180
Kevin Boston, VP Business Development ⁽⁷⁾	2018	\$292,221	\$194,382		\$250,000	\$186,330	\$8,767	\$931,700
	2017	\$285,597	\$129,817	-	\$240,000	\$165,500	\$8,568	\$829,482
	2016	\$260,976	-	-	\$240,000	\$138,313	\$7,829	\$647,118

⁽¹⁾ In 2014, Pason adopted a PSU plan which replaced the RSU plan for its NEOs and certain other executives. The PSU plan is further described under the heading *Performance share unit (PSU) plan* on page 22. Participants in the PSU plan are no longer eligible to receive new grants under the RSU plan, with the possible exception of initial one-time grants for newly hired executives. RSUs continue to be granted to other employees, as described under the heading *Restricted share unit (RSU) plan* on page 22.

⁽²⁾ All Other Compensation represents the value of contributions the Corporation made to the NEOs' retirement savings plan implemented in 2013 and as described on page 27.

⁽³⁾ The Short-Term Incentive Plan includes the discretionary cash bonus. Cash bonus are paid the following year, after financial results are finalized. The plan is further described under the heading *Medium-Term Incentives* on page 22.

⁽⁴⁾ The value of stock option awards reflects the estimated value on the grant date calculated using the Black-Scholes valuation method. 2018 stock option grants were valued at \$3.7266.

⁽⁵⁾ Marcel Kessler does not receive additional compensation for his services as a director. He is paid only as an executive of the Corporation.

⁽⁶⁾ Timur Kuru joined the Company on August 1, 2016. He was awarded an initial one-time grant of 12,000 RSUs in that year. The RSU award disclosed above reflects the value of the RSU awarded, calculated by multiplying the number of RSU's granted by the market value of the Shares on grant date.

⁽⁷⁾ Timur Kuru, Russell Smith, and Kevin Boston are paid in US dollars. Disclosed compensation has been converted from USD at 1.296 in 2018, 1.298 in 2017, and 1.325 in 2016.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table summarizes each NEO's stock options, RSUs and PSUs outstanding at December 31, 2018. The five NEOs held 1,716,367 (31%) of the 5,533,722 stock options issued and outstanding as at December 31, 2018.

Name and Principal Position	Grant Year	Medium-Term Incentive Plan Share-Based Awards - PSUs ⁽¹⁾		Long-Term Incentive Plan Option-Based Awards ⁽²⁾			
		Number of PSUs That Have Not Vested ⁽³⁾	Market Value of PSUs That Have Not Vested ⁽⁴⁾	Number of Shares Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽⁵⁾
Marcel Kessler President & CEO	2018	600,000	\$600,000	150,000	\$20.22	Nov 30, 2023	
	2017	400,000	\$589,920	150,000	\$18.49	Nov 30, 2022	-
	2016	200,000	\$352,460	100,000	\$15.94	Nov 30, 2021	\$117,500
	2015	-	-	100,000	\$20.62	Nov 30, 2020	-
	2014	-	-	100,000	\$26.68	Nov 30, 2019	-
Jon Faber CFO	2018	323,000	\$323,000	75,000	\$20.22	Nov 30, 2023	
	2017	210,000	\$309,708	75,000	\$18.49	Nov 30, 2022	-
	2016	105,000	\$185,042	75,000	\$15.94	Nov 30, 2021	\$117,500
	2015	-	-	60,000	\$20.62	Nov 30, 2020	-
	2014	-	-	60,000	\$26.68	Nov 30, 2019	-
Timur Kuru⁽⁶⁾ VP US Operations	2018	350,000	\$350,000	100,000	\$20.22	Nov 30, 2023	
	2017	216,667	\$319,540	100,000	\$18.49	Nov 30, 2022	-
	2016	133,334	\$308,135 ⁽⁶⁾	66,667	\$15.94	Nov 30, 2021	\$78,335
Russell Smith VP Operations, Offshore & International	2018	200,000	\$200,000	45,000	\$20.22	Nov 30, 2023	
	2017	133,333	\$196,640	45,000	\$18.49	Nov 30, 2022	-
	2016	66,666	\$117,485	35,700	\$15.94	Nov 30, 2021	\$50,212
	2015	-	-	43,000	\$20.62	Nov 30, 2020	-
	2014	-	-	53,000	\$26.68	Nov 30, 2019	-
Kevin Boston VP Business Development	2018	250,000	\$250,000	50,000	\$20.22	Nov 30, 2023	
	2017	160,000	\$235,968	50,000	\$18.49	Nov 30, 2022	-
	2016	80,000	\$140,984	37,000	\$15.94	Nov 30, 2021	\$49,350
	2015	-	-	43,000	\$20.62	Nov 30, 2020	-
	2014	-	-	43,000	\$26.68	Nov 30, 2019	-

⁽¹⁾ Represents all unexpired PSUs. In 2014, Pason adopted a PSU plan which replaced the RSU plan for its NEOs and certain other executives. The PSU plan is further described under the heading *Performance share unit (PSU) plan* on page 22. Participants in the PSU plan are no longer eligible to receive new grants under the RSU plan, with the possible exception of initial one-time grants for newly hired executives.

⁽²⁾ Represents all unexercised stock options. See page 24 under the heading *Long-Term Incentives* for more information about Pason's stock option plan.

⁽³⁾ As described above under the heading *Medium-Term Incentives* on page 22, each PSU has a notional target value of \$1.00.

⁽⁴⁾ The amounts disclosed for PSUs that were granted in November of 2018 reflect the target amounts payable to each NEO under the PSU Plan and do not take the performance conditions into account because such conditions are measured over a multi-year horizon and as at December 31, 2018, only one month of performance could be measured. The amounts disclosed for the unvested PSUs granted in 2016 and 2017 are measured at the actual PSU performance multiplier as at December 31, 2018.

⁽⁵⁾ Calculated based on the difference between the market price of the Shares at December 31, 2018 (\$18.29), and the exercise price of the stock options for any in-the-money options.

⁽⁶⁾ Timur Kuru joined the Company on August 1, 2016. He was awarded an initial one-time grant of 12,000 RSUs in that year, in addition to PSUs.

4,000 of these RSUs have not yet vested. The market value of these RSUs is \$73,160 and have been added to the market value of the 2016 PSUs grant that have not yet vested.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table summarizes the cash bonus earned in 2018 and the value that would have been realized if the stock options granted to each of the NEOs had been exercised on the vesting date in 2018 and the value realized from RSUs and PSUs that vested during 2018.

Name	Short-Term Incentive Plan	Medium-Term Incentive Plan		Long-Term Incentive Plan	Total
	Cash Bonus	RSUs ⁽¹⁾	PSUs ⁽²⁾	Stock Options ⁽³⁾	
Marcel Kessler President & CEO	\$600,000	-	\$914,088	\$214,000	\$1,728,088
Jon Faber CFO	\$250,000	-	\$462,735	\$107,000	\$819,735
Timur Kuru VP US Operations ⁽⁴⁾	\$259,176	\$78,799	\$378,573	\$142,667	\$859,215
Russell Smith, VP International Operations ⁽⁴⁾	\$136,067	-	\$328,449	\$61,347	\$525,863
Kevin Boston, VP Business Development ⁽⁴⁾	\$194,382	-	\$361,276	\$68,480	\$624,138

⁽¹⁾ Calculated based on the number of RSUs that matured in 2018 multiplied by the market price of the Shares on the maturity date.

⁽²⁾ The following table shows the PSU multipliers for the 2017, 2016 and 2015 grants which vested in 2018:

	OSX Return	SPTTEN Return	Average Indices Return	Pason Return	Relative Return	PSU Multiplier
2017 Grant	-4.82%	-2.14%	-3.48%	4.27%	7.75%	1.3877
2016 Grant	-7.00%	4.84%	-1.08%	13.16%	14.24%	1.7118
2015 Grant	-21.31%	-7.74%	-14.53%	-8.38%	6.15%	1.3075

⁽³⁾ Calculated based on the difference between the market price of the Shares on the options' vesting date in 2018 and the exercise price of the stock options, regardless of whether the stock option was exercised.

⁽⁴⁾ Timur Kuru, Russell Smith, and Kevin Boston are paid in US dollars. Disclosed compensation has been converted from USD at 1.296 in 2018.

Aggregated Option Exercises During the Most Recently Completed Financial Year-End and Option Values

There were 101,633 stock options exercised by the NEOs during the fiscal year ended December 31, 2018.

Name	Stock Options Exercised or Exchanged	Aggregate Value Realized ⁽¹⁾
Marcel Kessler President & CEO	50,000	\$223,000
Jon Faber CFO	-	-
Timur Kuru VP US Operations	33,333	\$173,665
Russell Smith VP International Operations	7,300	\$35,989
Kevin Boston VP Business Development	11,000	\$59,060

⁽¹⁾ Aggregate value realized has been calculated based upon the difference between the exercise price and the closing price of Shares on the date of exercise, multiplied by the number of Shares acquired or exchanged upon exercise of the relevant options.

Termination and Change of Control Benefits

Termination of Employment

In the event of termination of employment, each of the NEOs would receive the termination benefits set out in the Stock Option, RSU, and PSU Plans. NEOs are afforded no special treatment upon termination or otherwise under these plans.

The following table summarizes the results of termination of employment under the medium and long-term incentive plans and the NEOs' employment agreements:

Plan	Treatment Upon Termination
Amended and Restated Stock Option Plan	Participants have 90 days from the date of termination to exercise any vested options ⁽¹⁾ . Unvested options expire immediately upon termination.
RSU Plan	All unmatured RSUs are cancelled immediately upon termination.
PSU Plan	All unmatured PSUs are cancelled immediately upon termination.
Employment Agreement	Incremental payments to all NEOs for termination without cause (see below).

⁽¹⁾ Pursuant to the Amended and Restated Stock Option Plan, if the termination is a result of the participant's death or permanent disability, the time period to exercise options is extended to 12 months. For more information about the stock option plan, see *Stock option plan* on page 24.

President & Chief Executive Officer

Marcel Kessler's employment agreement provides that should his employment be terminated by the Corporation at any time other than for just cause, he would be entitled to a payment of:

1. An amount equal to 24 months of his then annual base salary; plus,
2. An amount equal to five percent of his then annual base salary to compensate for loss of medical, dental and insurance coverage.

The Corporation is deemed to have terminated Marcel Kessler's employment without just cause if:

1. His regular place of work is relocated outside of Calgary without his consent;
2. The Corporation fails to continue to provide him with any material benefit or plan, or fails to obtain an assumption of the Corporation's obligations under such benefits or plans from any successor company; or
3. A variety of other occurrences that are typically associated with constructive dismissal at law.

Chief Financial Officer and Other NEOs

The employment agreements for the Chief Financial Officer and other NEOs provides that should his/her employment be terminated by the Corporation at any time other than for just cause, he/she would be entitled to a payment of:

1. An amount equal to 12 months of his/her then annual base salary; plus
2. An amount equal to five percent of his/her then annual base salary to compensate for the loss of medical, dental and insurance coverage.

The Corporation is deemed to have terminated the employment without just cause if:

1. His/her regular place of work is relocated outside of Calgary or Houston, respectively, without his/her consent;
2. The Corporation fails to continue to provide him/her with any material benefit or plan, or fails to obtain an assumption of the Corporation's obligations under such benefits or plans from

- any successor company; or
3. A variety of other occurrences that are typically associated with constructive dismissal at law.

Change of Control

In the event of a change of control, all unvested or unmaturing stock options, RSUs and PSUs held by NEOs would immediately vest. Accelerated vesting applies equally to all other participants in those plans.

For purposes of the accelerated vesting under Pason's stock option, RSU and PSU Plans, the definition of a change of control event is generally consistent, and is deemed to occur if any of the following transpire:

1. Twenty-five percent of Pason's voting securities are acquired (through a new acquisition of stock or cumulatively with stock already held) by any individual or group acting together;
2. Any business combination (e.g., acquisition, merger) where Pason's Shareholders hold less than 50% of the votes of the combined/new entity; or
3. If the current members of the Board (or subsequent members of the Board approved by a majority of the then current members) no longer comprise a majority of the Board.

The following table summarizes the results of a change of control under the medium and long-term incentive plans and the NEOs' employment agreements:

Plan	Treatment upon Change of Control
Amended and Restated Stock Option Plan	Accelerated vesting
RSU Plan	Accelerated maturity
PSU Plan	Accelerated maturity
Employment Agreement	No incremental payments to NEO's other than to Marcel Kessler and Jon Faber (see below for discussion of double-trigger benefits)

The employment agreements of the President & Chief Executive Officer and Chief Financial Officer provides that, should a change of control occur, such executives have the right, for a period of six months following such a change of control, to elect to resign from their employment with the corporation with two months' advance notice.

Upon making such an election, the executive would become entitled to a payment equal to that which he would receive upon his termination as set out above. Should the executive decline to make that election within six months from such events, he would be deemed to have acquiesced to the change of control event and circumstances that might otherwise constitute constructive dismissal.

Termination and Change of Control Benefits Summary Table

The following table contains a summary of the payments that each NEO would have received had that individual's employment been terminated without just cause or had a change of control event occurred on December 31, 2018. Generally, all change of control and termination benefits are due to the employee within 20 days of the triggering event.

Name	Termination (without just cause)	Change of Control ⁽¹⁾
Marcel Kessler ⁽²⁾ President & CEO	\$1,076,250	\$ 2,182,860
Jon Faber ⁽²⁾ CFO	\$339,150	\$1,214,877
Timur Kuru VP US Operations	\$440,466	\$1,371,822
Russell Smith VP International Operations	\$347,359	\$733,180
Kevin Boston VP Business Development	\$323,008	\$886,094
Total payments to all NEOs	\$2,526,233	\$6,388,833

⁽¹⁾ Amounts in this column represent a payment equal to the value of each NEO's vested and unvested stock options, unvested RSUs, and unvested PSUs, as at December 31, 2018.

⁽²⁾ If a change of control event were to occur in connection with one of the subsequent events entitling Marcel Kessler and Jon Faber to an additional change of control benefit, as discussed above under the heading, *Termination and Change of Control Benefits Summary Table* on page 37, the total change of control benefit payable would be the termination amount, plus the change of control amount.

Corporate Governance Disclosure

In this section, the Corporation's approach to corporate governance is described in the order and categories set out in Form 58-101F1 – Corporate Governance Disclosure and the Corporation which adheres to National Policy 58-201 Corporate Governance Guidelines. The information in this section is based on that provided to or available to the Corporation as of March 18, 2019. The information regarding directors is in respect of the five current directors, of whom are nominees and standing for election at the Meeting.

Board of Directors

Three of Five Directors are Independent

The following nominees are independent:

- James B. Howe
- T. Jay Collins
- Judi M. Hess

The Corporate Governance and Nomination Committee has determined that, based on information provided by each director regarding their personal and business relationships with the Corporation, the above-listed three nominees to the Board have no direct or indirect material relationship with the Corporation and are, therefore, independent within the meaning of National Instrument 52-110 Audit Committees.

Two of Five Directors are not Independent

The following nominees are not independent:

- James D. Hill
- Marcel Kessler

James D. Hill, Chairman of the Board, is deemed to have a material relationship with the Corporation and is therefore not independent within the meaning of National Instrument 52-110 Audit Committees because he was the CEO until 2011 and acted as an executive during 2012. As Pason's current President & Chief Executive Officer, Marcel Kessler is not independent.

Majority of Directors are Independent

Three of the five nominees to the Board are independent.

Directors' Service for Other Reporting Issuers

The following table identifies the nominees that are directors of the reporting issuers appearing next to their name:

Director / Nominee	Reporting Issuer	Listing	Positions
James B. Howe	Bengal Energy Ltd.	TSX: BNG	Board; Audit Committee Chair
	Ensign Energy Services Inc.	TSX: ESI	Board; Audit Committee; Compensation Committee Chair
T. Jay Collins	Oceaneering International, Inc.	NYSE:OII	Board
	Murphy Oil Corporation	NYSE:MUR	Board; Executive Compensation Committee

Independent Director Sessions at Every Meeting

At every Board and committee meeting, the independent directors meet without the non-independent directors and without management for a portion of that meeting. See below for a director meeting attendance record for the number of such meetings held in 2018.

Chairman of the Board is not Independent

Pason's Chairman, James D. Hill, is not independent within the meaning of National Instrument 52-110 Audit Committees. Pason's Lead Director, James B. Howe, is independent. The responsibilities of the Lead Director are described in a written position description available on the Corporation's website at www.pason.com in the Investors section. Such responsibilities include assuring effective and independent corporate governance in managing the affairs of the Board and the Corporation, chairing meetings and acting as the Corporation's spokesperson when the Chairman is absent, chairing independent director sessions of meetings, and communicating with the independent directors.

Director Meeting Attendance Record

The following table reflects the attendance of each of the Corporation's directors at Board and committee meetings held during 2018.

Name	Board	Audit Committee	Human Resources and Compensation Committee	Corporate Governance and Nomination Committee	Total 2018 Attendance Record
James D. Hill	4/5				80%
James B. Howe	5/5	4/4	2/2	1/1	100%
Marcel Kessler	5/5				100%
T. Jay Collins	5/5	4/4	2/2	1/1	100%
Judi M. Hess	5/5	4/4	2/2	1/1	100%

Board Mandate

The Mandate of the Board has been updated effective February 26, 2019. The Mandate of the Board, as well as the mandates of all of the Committees of the Board, is available on the Corporation's website at www.pason.com in the Investors section (under Corporate Governance).

Orientation and Continuing Education

New Director Orientation

A comprehensive on-boarding program, including one-on-one and group Meetings with management and other Board members is provided for each new director.

Prior to being nominated by the Board to stand for election, each new director meets with numerous directors in one-on-one settings, as well as with the Board as a group to ensure that the director has sufficient knowledge of the Corporation's business or aspects thereof that are necessary to ensure effective oversight by the Board as a whole. Each director's individual skills and experiences contribute to the general oversight of the business and supervision of the management of the business and affairs of Pason.

Upon each new director's appointment or election, they are given a comprehensive introduction package including the mandates of the Board and its committees and the position descriptions so that the new director understands the role of the Board, its committees and officers. New directors are also provided with the minutes of Board meetings for the previous two years so they may review the topics subject to Board discussions. New directors are given product demonstrations and hold meetings with various business unit managers, product managers, and R&D personnel as part of their on-boarding process.

Director Continuing Education

Through regular Board practices, the directors become intimately involved with Pason's business and industry landscape. At the Board strategy session held with management (one day-long sessions was held in 2018) various presentations and workshops are conducted to dive deep into Pason's business and the industry dynamics.

In light of the rich educational opportunities the industry associations offer and the directors' active involvement in those and other activities that contribute to a better understanding of Pason and its market, no formal continuing education measures are currently in place for the directors. Management provides

reports that keep directors up-to-date with the Corporation's business-related industry issues. Management also regularly presents to the Board at meetings to keep them informed of the ongoing strategic planning process and certain key initiatives. Board meetings are regularly held at the Corporation's head office and periodically held at the Corporation's Houston office so the Board can tour the premises and meet with employees on a regular basis. Rig visits are occasionally arranged with the Corporation's employees so that directors may view installed and operational Pason products. Directors also regularly conduct field visits on their own to view Pason products, arranged through Pason or other affiliations. Given the level of education the directors continue to receive and their experience and skill sets, there has been no need to adopt a formal continuing education program.

Ethical Business Conduct

Code of Conduct

The Board has adopted a Code of Conduct and Ethics, a copy of which has been filed on SEDAR (Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval) at www.sedar.com and is available on the Corporation's website at www.pason.com in the Investors section (under Corporate Governance).

The Board monitors compliance with its code through the approval of a variety of sub-policies that management is tasked with implementing and through an independent ethics hotline that reports directly to the Chairman of the Audit Committee. The Corporation's internal auditor, in conjunction with other members of senior management, is tasked with ethical compliance, providing quarterly reports to the Board regarding follow-up on any issues raised directly with the Chairman of the Audit Committee as well as any other significant ethical investigations.

No material change reports were filed since the beginning of 2014 that pertain to any conduct of a director or officer that constitutes a departure from the code.

Ensuring Independent Judgment

Where the personal or business relationships or interests of directors may conflict with those of the Corporation, directors are required to disclose in writing to the Corporate Secretary or verbally at a Board Meeting the nature and extent of the conflict of interest. In the event of a bona fide conflict of interest, a director will declare that conflict, will not participate in that part of the meeting in which the matter is discussed, and must abstain from voting on the matter.

Promoting Ethical Business Conduct

The Board has a Corporate Governance and Nomination Committee. In addition, it has in place, administered by a third party, an ethics hotline for employees, and has required all employees and other stakeholders (including certain suppliers) to become familiar with the written Code of Conduct and Ethics. The Corporation's internal legal counsel regularly makes and arranges presentations to management and employees that review and promote the ethical business practices of the Corporation. Certain conduct prohibited by the code, such as corruption and bribery, are subject to additional sub-policies with their own guidelines and training programs to further ensure compliance. Certain segments of the Corporation's employees receive additional and targeted training to areas of risk that are more relevant to their work duties.

Nomination of Directors

Identification of Candidate Director Nominees

All Board members are made aware of the continuous need to identify qualified prospective candidates who would enhance the effectiveness of the Board. The Corporate Governance and Nomination Committee is officially tasked with identifying and qualifying new candidates for Board nomination, but receives suggestions from all of the directors. The Board as a whole is responsible for nominating candidate directors and does so taking into account the Corporate Governance and Nomination Committee's recommendations, considering the current and desirable skills and experiences for the Board to operate effectively.

The Corporate Governance and Nomination Committee, together with the Board, continues to assess the size and composition of the Board to ensure the appropriate skills exist and are used in light of the demands on the Board.

From time-to-time when necessary, the Corporate Governance and Nomination Committee conducts independent director searches through a methodical and thorough process. All members of the Board are encouraged to continually take notice of and identify potential candidates and put those individuals in touch with the chair of the Corporate Governance and Nomination Committee. If the need for a nominee is identified, a third-party search firm may also be engaged to identify potential candidates. Once identified, prospective candidates are screened by a third-party search firm, and then reviewed by the Corporate Governance and Nomination Committee to ensure the candidates have the appropriate background, skills, experience, and time to devote the necessary attention to the directorship. The skills matrix, discussed below under the heading *Responsibilities, Powers and Operation of the Corporate Governance and Nomination Committee* on page 41, is used to identify necessary qualifications of new nominees. Gender diversity of the Board is also a criterion in identifying potential candidates. Qualifying candidates are interviewed by members of the Corporate Governance and Nomination Committee, and then by the Chairman, President & Chief Executive Officer, and finally by the Board as a whole. If satisfied, the Corporate Governance and Nomination Committee makes a recommendation to the Board for the candidate to be appointed as a director of the Corporation until the next Annual General Meeting of Shareholders. The Board may, subject to the provisions of the Business Corporations Act (Alberta) and the Corporation's By-laws, appoint an individual to become a director between annual general Meetings should that be advisable, considering Board succession and any benefit given the Board composition.

Once elected, the Corporate Governance and Nomination Committee is responsible for considering and recommending for Board approval the appointment of directors to Board committees and for recommending for Board approval the appointment or removal of the Chairman of the Board and Lead Director.

Composition of Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is composed entirely of independent directors within the meaning of National Instrument 52-110 Audit Committees, those being the following:

- Judi M. Hess (Chair of Committee)
- James B. Howe
- T. Jay Collins

Responsibilities, Powers and Operation of the Corporate Governance and Nomination Committee

In addition to its governance mandate, the Corporate Governance and Nomination Committee is tasked with identifying desirable candidates after assessing skills that would bolster those already present amongst current Board. The Corporate Governance and Nomination Committee is also responsible for screening candidates and eventually putting forward recommendations for the Board to consider proposed nominees.

The Corporate Governance and Nomination Committee regularly assesses the skills, attributes, and experiences desirable in director nominees. The list below sets out the skills and experiences that the

Corporate Governance and Nomination Committee considers important for the Board, as a whole, to possess:

Skill/ Experience Area	Description	Director Nominees Possessing Highly Skilled and Expert Levels of Experience
Leadership	CEO and/or senior leadership experience; strategy/planning/business development focus	4 of 5
Industry experience	Knowledge of upstream oil and gas; oilfield services and technology; customers; competitors; operational issue; regulatory frameworks	4 of 5
Financial literacy	Accounting; corporate finance; M&A; tax; investor relations	5 of 5
Technology	Managing innovation and commercialization; R&D; information technology; intellectual property	4 of 5
Human resources and compensation	Objectives and incentives; succession planning; executive compensation; benefit programs; perquisites	5 of 5
International	Global operations; understanding of different cultural, political and regulatory requirements	4 of 5
Health, safety and environment	Understanding of industry regulation and public policy related to workplace HSE and social responsibility	4 of 5
Board	Governance and compliance; risk assessment and management; teamwork; devil's advocacy	5 of 5

The Corporate Governance and Nomination Committee continues to review the necessity of the skills and experiences listed above, in light of the Corporation's business and strategy, to ensure that sufficient directors possess those skills and experiences, and in the right combination given the dynamics of the Board. The number of female directors and directors with diverse backgrounds is also considered in assessing the Board composition, as described further under the heading *Diversity on the Board* on page 45. The Corporate Governance and Nomination Committee considers the five director nominees identified in this Information Circular to represent the appropriate mix at this stage in the Corporation's development, though it will continually reassess this as the business, industry, and economy change.

As noted under the heading *Assessments* on page 44, the Corporate Governance and Nomination Committee reviews the results of an annual survey of the Board to determine their individual and collective effectiveness and contribution to the Corporation.

Compensation

Determining Director and Officer Compensation

The Chairman's compensation is set by a joint decision of the Corporate Governance and Nomination Committee and the HRC Committee (defined below). Both of those committees are composed entirely of independent directors. The Chairman's compensation is then reviewed annually by the Corporate Governance and Nomination Committee to ensure it adequately, effectively, and appropriately compensates the Chairman for his or her responsibilities.

Director compensation is annually reviewed by the Corporate Governance and Nomination Committee to ensure it reflects the risks and responsibilities of being an effective director of the Corporation. Any changes to director compensation are made by the Board as a whole, on the recommendation of the Corporate Governance and Nomination Committee.

Officer compensation is reviewed by the HRC Committee annually and changes are recommended by management in light of retention needs, industry conditions, and company and individual performance. Directors who are also employees of Pason (Marcel Kessler presently being the only one) are not separately compensated for their services as directors; their compensation comes entirely from their service as an employee of Pason. The process for setting executive compensation is more fully described in this Information Circular starting on page 16 under the heading *Compensation Discussion and Analysis*.

Human Resources and Compensation (HRC) Committee

The Board has a Human Resources and Compensation Committee is composed entirely of independent directors within the meaning of National Instrument 52-110 Audit Committees, those being the following:

- T. Jay Collins (Chair of Committee)
- James B. Howe
- Judi M. Hess

Responsibilities, Powers and Operation of the HRC Committee

The HRC Committee is responsible for reviewing, approving and overseeing Pason's compensation philosophy and programs for executives and employees. It is also tasked with evaluating the performance and recommending total compensation for the CEO and other executive officers. In addition, the HRC Committee is responsible for overseeing all of the Corporation's equity-based compensation plans, retirement plans, succession planning, executive stock ownership guidelines, compensation risk management and all of the Corporation's other significant human resources policies, plans, principles, and practices to ensure they are designed to achieve the goals and objectives of the Corporation. The responsibilities of the HRC Committee are further described on page 16 under the heading *Human Resources and Compensation Committee*. The mandate of the HRC Committee of the Board is available on the Corporation's website at (www.pason.com) in the Investors section (under Corporate Governance). The Corporation's annual compensation decision-making process, including the role of the HRC Committee, is set out on page 17 under the heading *Compensation Approval Process*.

Other Board Committees

The standing committees of the Board are:

- Audit Committee
- Human Resources and Compensation Committee
- Corporate Governance and Nomination Committee

As noted above, the mandates for each of the Board's committees are available on the Corporation's website at www.pason.com in the Investors section (under Corporate Governance). All three of the committees are comprised solely of independent directors. The Corporate Governance and Nomination

Committee is tasked with identifying which directors are “independent” within the meaning set forth in National Instrument 52-110 Audit Committees.

Assessments

The Board, its committees and individual directors are assessed with respect to their effectiveness and contribution to the Corporation through a survey completed by each director of the Board. That survey is designed to rate the Board’s effectiveness by surveying a range of issues, including the efficacy of the Corporation’s strategic planning process and monitoring thereof, the effectiveness of the Corporation’s compliance and controls, the CEO’s performance and the linkage to compensation, succession planning, the appropriateness of the directors’ level of engagement with management, the process for selection and evaluation of director candidates, committee structure and general Board practices. It includes a director peer evaluation, a self-evaluation, a review of the director skills matrix and questions about the effectiveness of the Board as a whole.

The skill set of each director is reviewed by the chair of the Corporate Governance and Nomination Committee and discussed with individual directors, where appropriate, to consider each director’s individual contributions and identify training and education opportunities. The full results of each survey are reviewed by the Corporate Governance and Nomination Committee and then presented to the Board of Directors for discussion, with further action taken to remedy outstanding concerns, if any.

Director Term Limits and Retirement

Each director’s term expires at the end of the next annual Meeting or when a successor is elected or appointed to the Board. Pason does not impose term limits or mandatory retirement on its directors. The average tenure among Pason’s five proposed nominees for election as directors is approximately twelve (12) years and their average age is 64.

Pason’s Board does not believe that term limits or mandatory retirement based on age is in the Shareholders’ best interests based on the current Board make-up and in light of the other mechanisms used by the Board to foster renewal, as discussed above under the heading *Assessments*. The Board’s annual self and peer assessments of director effectiveness and Board composition, including the director’s age, tenure, and the mix of skills and expertise in light of the demands of the business for director oversight is considered effective.

The Corporate Governance and Nomination Committee actively manages the Board composition through the annual review process. The nomination process used to recruit new directors is rigorous to ensure the Board always has an appropriate mix of subject matter experts with the necessary experiences. With the processes currently in place, the Board believes that underperforming directors or those who lack the appropriate skill sets can be identified and removed, and that the necessary mix of directors will be assured, particularly as the directors’ oversight role changes with the business and industry conditions.

It has been the Board’s experience that some of the longer-serving directors provide the most value, particularly in light of the complex and niche business that Pason operates. However, routine director evaluation and skills assessments allow for the periodic renewal that encourages new perspectives on the business. The Board feels these new perspectives and new strategic ideas are useful and Board renewal through existing mechanisms will continue to bring these forward to add value to Shareholders.

Diversity on the Board

The Corporate Governance and Nomination Committee is responsible for identifying new director nominees, consistent with Board-approved criteria. Candidates are assessed on a combination of factors including educational background, experience, and expertise. The Corporate Governance and Nomination Committee also takes into consideration a candidate's gender, age and ethnicity, to ensure the Board benefits from a broader range of perspectives.

In 2015, Judi M. Hess was elected to the Board, increasing the total female representation on the Board to 20 per cent. Judi M. Hess has expertise in corporate governance, sales and marketing, as well as product development, amongst other areas, to bring a broader perspective to the Corporation.

While Pason does not have a formal diversity policy, the Corporation believes diversity is essential in maintaining a competitive focus in the market. Pason does not feel a formal diversity policy is necessary at this time but is continuing to increase diversity within the organization.

Availability of Certain Documents and Additional Information

Availability of Certain Documents

Under the policies adopted by the Canadian Securities Administrators, a person or company who wishes to receive interim financial statements from the Corporation must deliver a written request for such material to the Corporation, together with a signed statement that the person or company is the owner of securities of the Corporation. The Corporation's policy is to provide interim financial statements to registered Shareholders; however, non-registered Shareholders who wish to receive interim financial statements are encouraged to send the enclosed return form in the addressed envelope provided to the Corporation's Transfer Agent, ComputerShare Trust Company of Canada. The Corporation will maintain a supplemental list of persons and companies wishing to receive interim financial statements.

Normal Course Issuer Bid (NCIB)

During the fourth quarter of 2018, the Corporation implemented a NCIB program. Under the NCIB, the Corporation may purchase for cancellation, from time to time, as the Corporation considers advisable, up to a maximum of 6,556,292 common shares, which represents 10% of the public float.

The actual number of common shares that may be purchased for cancellation and the timing of any such purchases will be determined by the Corporation, subject to a maximum daily purchase limitation of 31,538 common shares.

The NCIB commenced on December 18, 2018 and expires on December 17, 2019. In the fourth quarter of 2018 the Corporation purchased 50,000 common shares for cancellation, for a total cash consideration of \$921,237.

Additional Information

Additional information related to the Corporation is available on SEDAR at www.sedar.com. Additional financial information is contained in the Corporation's comparative audited consolidated financial statements and MD&A for the years ended December 31, 2018 and 2017, which are included in the Corporation's Annual Report for the year ended December 31, 2018.

The Corporation will provide to any person or company, upon request to the CFO or Corporate Secretary of the Corporation:

- One copy of the Corporation's latest Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference
- One copy of comparative financial statements of the Corporation for the Corporation's most recently completed financial year together with the accompanying report of the auditor thereon and the MD&A, and one copy of any interim financial statements, including the MD&A of the Corporation subsequent to the financial statements for its most recently completed financial year

Any request for documents referred to above should be made to the Corporate Secretary or CFO of Pason Systems Inc. at 6130 Third Street SE, Calgary, Alberta, T2H 1K4 or by faxing a request to 403-301-3499.

Dated March 18, 2019.



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