



**NOTICE OF ANNUAL AND
SPECIAL MEETING
AND
INFORMATION CIRCULAR –
PROXY STATEMENT WITH
RESPECT TO THE ANNUAL
AND SPECIAL MEETING OF
SHAREHOLDERS TO BE HELD
ON JUNE 4, 2019**

Strad Energy Services Ltd.
For the Year-Ended December 31, 2018

Dated May 1, 2019





**NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS – JUNE 4, 2019**

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting of the holders (the "**Shareholders**") of Class A Shares ("**Shares**") of Strad Energy Services Ltd. ("**Strad**" or the "**Company**") is to be held in Meeting Rooms 1 & 2 Plus 15 level, at the Millennium Tower located at 440 – 2nd Avenue SW, Calgary, Alberta at 10:00 a.m. (Calgary time) on June 4, 2019, and any adjournment or adjournments thereof (the "**Meeting**") for the following purposes, namely:

1. to receive and consider the financial statements of the Company for the year ended December 31, 2018 together with the auditor's report thereon;
2. to fix the number of directors to be elected at the Meeting at eight (8) members;
3. to elect eight (8) directors to hold office for the ensuing year;
4. to appoint independent auditors for the ensuing year and to authorize the board of directors to fix the remuneration of the auditors;
5. to consider, and if thought fit, pass a special resolution of the Shareholders approving an amendment to the articles of the Company, changing the name of the Company to "Strad Inc.", all as more particularly described in the accompanying information circular - proxy statement of the Company dated May 1, 2019 (the "**Circular**"); and
6. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters proposed to be brought before the Meeting are set forth in the Circular accompanying this notice.

Only registered Shareholders as at the close of business on April 22, 2019, (the "**Record Date**") are entitled to notice of, and to attend and vote at, the Meeting unless, after the Record Date, a registered Shareholder transfers his or her Shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he or she owns such shares, requests at least 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.

Registered Shareholders may vote in person at the Meeting or any adjournment or adjournments thereof, or they may appoint another person, who need not be a Shareholder, as their proxy to attend and vote in their place. Registered Shareholders unable to be present at the Meeting are requested to date and sign the enclosed form of proxy and return it to the Company's agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, before 10:00 a.m. (Calgary time) on May 31, 2019, or, if the Meeting is adjourned, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time that the Meeting is reconvened. Shareholders that are not registered Shareholders, such as Shareholders that hold their Shares in an account with an intermediary, such as a broker or financial institution, should consult the Circular accompanying this notice for voting information.

Calgary, Alberta
May 1, 2019

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Andy Pernal"
Andy Pernal
President and Chief Executive Officer

**Vote using the following
methods prior to the Meeting.**



Internet



Telephone or Fax



Mail

Registered Shareholders

Shares held in own name

www.investorvote.com

Telephone: 1-866-732-8683
Fax: 1-866-249-7775

Return the form of proxy in the
enclosed postage paid envelope.

Non Registered Shareholders

*Shares held with a broker, bank
or other intermediary.*

www.proxyvote.com

Call or fax to the number(s)
listed on your voting
instruction form.

Return the voting instruction form in
the enclosed postage paid envelope.



INFORMATION CIRCULAR

FOR THE ANNUAL AND SPECIAL MEETING

OF THE HOLDERS OF CLASS A SHARES TO BE HELD ON JUNE 4, 2019

THIS MANAGEMENT INFORMATION CIRCULAR (the "**Circular**") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF STRAD ENERGY SERVICES LTD. ("**Strad**" or the "**Company**") for use at the Annual and Special Meeting of the holders (the "**Shareholders**") of Class A Shares (the "**Shares**") of the Company to be held in Meeting Rooms 1 & 2 Plus 15 level, at the Millennium Tower located at 440 – 2nd Avenue SW, Calgary, Alberta at 10:00 a.m. (Calgary time) on June 4, 2019, and any adjournment or adjournments thereof (the "**Meeting**") for the purposes set forth in the accompanying Notice of Meeting. Information contained in this Circular is given as at May 1, 2019, unless otherwise stated.

SOLICITATION OF PROXIES

Management of the Company is soliciting proxies from Shareholders for the Meeting. In addition to solicitation by mail, proxies may be solicited by personal interview, telephone or other means of communication and by directors, officers and employees of the Company, who will not be specifically remunerated therefore. Solicitation of proxies by management will be primarily by mail, but may also be in person or by telephone. The cost of solicitation will be borne by the Company.

RECORD DATE

April 22, 2019, is the record date for the Meeting. Only registered Shareholders at the close of business on the record date are entitled to notice of the Meeting and to vote thereat unless, after the record date, a registered Shareholder transfers his or her Shares and the transferee, upon producing properly endorsed certificates evidencing such Shares or otherwise establishing that he or she owns such Shares, requests not later than 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such Shares at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

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

If you are a registered Shareholder and are unable to attend the Meeting in person, please exercise your right to vote by dating, signing and returning the accompanying form of proxy to Computershare Trust Company of Canada, the Company's transfer agent ("**Computershare**"). To be valid, completed proxy forms must be dated, completed, signed and deposited with Computershare: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or (iii) by facsimile to (416) 263-9524 or 1-866-249-7775. You may also appoint another person to be your proxyholder. Please go to www.investorvote.com and follow the instructions. You will require your 15-digit control number found on your proxy form. Your proxy or voting instructions must be received in each case no later than forty-eight (48) hours before the Meeting (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.

A Shareholder who has submitted a proxy may revoke it by instrument in writing executed by the Shareholder or his attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either at the office of Computershare, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at any time prior to 10:00 a.m. (Calgary time) on the last business day preceding the day of the Meeting or with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting.

EXERCISE OF DISCRETION BY PROXY HOLDERS

All Shares represented at the Meeting by properly executed proxies will be voted. Where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy the Shares represented by the proxy will be voted or withheld from being voted in accordance with such specification. **IN THE ABSENCE OF SUCH SPECIFICATION, SUCH SHARES WILL BE VOTED "FOR" ALL OF THE MATTERS SET FORTH IN THE CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Instrument of Proxy and Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of the Circular, management of the Company knows of no such amendment, variation or other matter.

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is provided to beneficial holders of Shares who do not hold their Shares in their own name ("**Beneficial Shareholders**"). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder's name on the records of the Company. Such Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). There are two kinds of Beneficial Shareholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting Beneficial Shareholders; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting Beneficial Shareholders or "**NOBOs**".

Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting the Shares for their clients. The Company does not know for whose benefit the Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their Shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. Additionally, the Company may utilize Broadridge's QuickVote™ service to assist Beneficial Shareholders that are NOBOs with voting their shares.

A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote their Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.

Although a Beneficial Holder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his broker (or agent of the broker), a Beneficial Holder may attend the Meeting as proxyholder for a registered Shareholder and vote Shares in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for a registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

The Company will be delivering proxy-related materials to non-objecting Beneficial Shareholders directly with the assistance of **Computershare** and intends to pay for intermediaries to deliver proxy-related materials to objecting Beneficial Shareholders.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Company is authorized to issue an unlimited number of Shares. As at April 22, 2019, being the Record Date for the Meeting, there were 56,744,399 Shares issued and outstanding, Shareholders are entitled to one vote for each Share they own. A quorum for the transaction of business at the Meeting will be present if not less than two persons are present at the Meeting holding or representing not less than 10% of the Shares entitled to vote at the Meeting.

To the knowledge of the Company and its directors and officers, as at the date hereof, no person beneficially owns, controls or directs, directly or indirectly, more than 10% of the Shares, other than as set out below:

Name of Shareholder and Place of Residence	Number of Voting Securities	Percentage of Class
Lyle Wood Contracting Ltd. ⁽¹⁾⁽²⁾ Alberta, Canada	8,826,996	15.6%
Ewing Morris & Co. Investment Partners Ltd. ⁽¹⁾ Ontario, Canada	8,776,453	15.5%
Wellington Management Group LLP ⁽¹⁾ Boston, USA	6,129,815	10.8%

Notes:

- (1) Based on public filings made by the above entity and as of the date of the last public filing by such entity.
- (2) Lyle Wood, a director of the Company, is a shareholder of Lyle Wood Contracting Ltd. Figures include 42,678 Shares held personally by Mr. Wood.

As at the Record Date, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 9,651,680 Shares or approximately 17.0% of the issued and outstanding Shares.

APPROVAL REQUIREMENTS

All of the matters to be considered at the Meeting, other than the election of directors and the Name Change Resolution (as defined herein), are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolutions by or on behalf of Shareholders present in person or represented by proxy at the Meeting. The Name Change Resolution is a special resolution, which must be passed by a majority of not less than two-thirds of the votes cast on the resolution by Shareholders present in person or represented by proxy at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

The following are the matters to be acted upon at the Meeting:

Item 1 – Fixing the Number of Directors

The Shareholders will be asked to consider an ordinary resolution fixing the number of directors to be elected at the Meeting. Management proposes that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed be set at eight (8). There are presently seven (7) directors of the Company, each of whom retires from office at the Meeting unless re-elected. Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at eight (8).

Item 2 - Election of Directors

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors of the eight (8) nominees hereinafter set forth. The accompanying form of proxy provides for individual voting on directors.

The following table provides the names and cities of residence of all persons proposed to be nominated by management for election as directors, the position each currently holds with the Company, the principal occupations of such persons for the prior five years, the date on which each became a director of the Company and the number of Shares beneficially owned or over which control or direction is exercised, directly or indirectly, by each nominee as at the Record Date. Each director elected will hold office until the next annual meeting of the Shareholders of the Company or until his successor is duly elected or appointed, unless his office be earlier vacated in accordance with the Company's constating documents and the *Business Corporations Act* (Alberta) ("ABCA").

Name, Municipality of Residence and Office	Date of Initial Appointment or Election	Principal Occupation in the Past Five Years	Shares Beneficially Owned, Controlled or Directed (#) ⁽⁴⁾
Michael J. McNulty ⁽¹⁾⁽³⁾ Chairman of the Board and Director Calgary, Alberta	February 28, 2017	A Managing Partner at PillarFour Capital since April 2016. Prior thereto Chief Financial Officer of Calfrac Well Services Ltd. from December 2013 to March 2016. Mr. McNulty served as the President and Chief Executive Officer of Saxon Energy Services Inc. from January 2010 to April 2013. Mr. McNulty was appointed as Chairman of the Company on December 5, 2018.	20,000
Andrew R. C. Pernal President, Chief Executive Officer and Director Calgary, Alberta	May 13, 2009	Chief Executive Officer of the Company since June 2012, President since March 2009 and a director since May 2009. Chief Financial Officer of the Company from May 2006 to February 2010.	400,196
Jack H. Nodwell ⁽¹⁾⁽²⁾ Director Calgary, Alberta	June 16, 2006	Director. Retired since 2001, Mr. Nodwell currently serves as a board member of several private companies.	46,400

<u>Name, Municipality of Residence and Office</u>	<u>Date of Initial Appointment or Election</u>	<u>Principal Occupation in the Past Five Years</u>	<u>Shares Beneficially Owned, Controlled or Directed (#)⁽⁴⁾</u>
Craig F. Hruska ⁽²⁾⁽³⁾ Director Calgary, Alberta	June 2, 2016	Chairman of Enercapita Energy Ltd. since March 2016. Previously, President, Chief Executive Officer and Chairman of Scollard Energy Inc., a private oil and gas production company, from October 2006 to February 2016.	40,000
Thomas M. Alford ⁽¹⁾⁽²⁾ Director Calgary, Alberta	August 8, 2016	President, Well Services at Precision Drilling since January 2018. Prior thereto, Mr. Alford was the interim President and Chief Executive Officer of High Arctic Energy Services Inc. from August 2016 to July 2017. Mr. Alford was a director of High Arctic Energy Services Inc. from January 2014 to July 2017, and has been a director of Wajax Corporation since December 2014.	50,000
Lyle A. Wood Director Calgary, Alberta	August 31, 2016	President of Lyle Wood Contracting Ltd. since June 2009. In 2007, Mr. Wood founded Redneck Oilfield Services Ltd. (" Redneck "), and served as President and Chief Executive Officer. In 2012, he acquired a controlling interest in Raptor Oilfield Services Ltd., which he oversaw until 2016 when it was sold to Strad along with Redneck.	8,826,996
Kristi C. Cawthorn ⁽²⁾⁽³⁾ Director Calgary, Alberta	November 20, 2018	Ms. Cawthorn is the Chief Executive Officer of Startec Compression & Process Ltd. (" Startec "), a Calgary based manufacturer of compression, processing, and refrigeration systems. Ms. Cawthorn has been a senior leader with Startec since 2002. Ms. Cawthorn also serves as a board member of several private companies.	Nil
Lee Matheson Director Calgary, Alberta	Nominee	Mr. Matheson is a Partner at Ewing Morris & Co. Investment Partners Ltd. (" Ewing Morris ") since 2017. Mr. Matheson is currently a director of the Canadian Art Foundation and serves as a board member for exactEarth Ltd. and Echelon Financial Holdings Inc. Prior thereto, he was a principal of Broadview Capital Management Inc.	Nil ⁽⁵⁾

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Governance Committee.
- (3) Member of the Human Resources Committee.
- (4) Based upon information provided to the Company by the nominees.
- (5) Mr. Matheson is a Partner of Ewing Morris, an investment firm, which owns, or exercises control or direction over, an aggregate of 8,776,453 Shares.

It is the intention of the management designees, if named as proxy, to vote for the election of the above mentioned persons to the board of directors of the Company (the "**Board**") unless otherwise directed. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless the Shareholder has specified in his proxy that his Shares are to be withheld from voting on the election of directors.

Majority Voting Policy for Directors

The Board has adopted a policy (the "**Majority Voting Policy**") which requires that any nominee for director who receives a greater number of votes "withheld" than votes "for" his or her election as a director shall, forthwith following the applicable shareholders' meeting, submit his or her resignation to the Chairman of the Board. The Human Resources Committee of the Board (the "**Human Resources Committee**") shall consider the resignation and make a recommendation to the Board whether or not to accept it. The Board shall, after receiving the recommendation of the Human Resources Committee, make a determination as to whether to accept or reject the resignation within 90 days of the applicable shareholders' meeting and a press release shall be issued by the Company announcing the Board's determination and the reasons for such determination. In determining whether to accept or reject the tendered resignation, the Board will assess the factors considered by the Human Resources Committee and any additional information and factors the Board believes to be relevant. The Board shall accept the tendered resignation absent a determination by the Board that exceptional circumstances support a decision to reject the tendered resignation. Any director who tenders his or her resignation shall not participate in any meetings to consider whether the resignation shall be accepted. The Majority Voting Policy applies only to uncontested elections, meaning elections where the number of nominees for director is equal to the number of directors to be elected. If the Board determines to accept the resignation, the Board may determine in its discretion, upon recommendation of the Human Resources Committee, whether to fill the resulting vacancy or to continue with the reduced size of the Board until the next annual meeting of Shareholders.

Advance Notice By-Law

The Board of the Company has adopted a by-law regarding advance notice of nominations of directors of the Company, which was ratified by the shareholders of the Company at the 2016 annual meeting of Shareholders (the "**Advance Notice By-law**"). A copy of the Advance Notice By-law can be found on the Company's profile on SEDAR and on the Company's website.

The purpose of the Advance Notice By-law is to provide shareholders, the Board and management of the Company with a clear framework for director nominations to help ensure orderly business at meetings of Shareholders. Among other things, the Advance Notice By-law fixes a deadline by which you must submit director nominations to the Company prior to any annual or special meeting of Shareholders. It also specifies the information that a nominating Shareholder must include in the notice to the Company in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

The directors of the Company are committed to: (a) facilitating an orderly and efficient annual general or special meeting process; (b) ensuring that all shareholders receive: (i) adequate notice of director nominations; and (ii) sufficient information in advance of an annual general or special meeting with respect to all director nominees and the ownership interests (including derivatives, hedged positions and other economic incentives and voting interests) of a nominating Shareholder in order to assess the qualifications of the proposed nominees for election to the Board and the nature of a nominating Shareholder's interest in the Company; and (c) allowing Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The Advance Notice By-law fixes a deadline by which Shareholders must submit director nominations to the Corporate Secretary of the Company prior to any annual or special meeting of Shareholders and outlines the specific information that a nominating Shareholder must include in the written notice to the Corporate Secretary of the Company for an effective nomination to occur. No person nominated by a Shareholder will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice By-law.

In the case of an annual meeting of Shareholders, notice to the Corporate Secretary of the Company must be made not less than thirty (30) days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth (10th) day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting) called for the purpose of electing directors, notice to the Company must be made not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting was made. The Board may, in its sole discretion, waive any provisions in the Advance Notice By-law.

As of the date of the Circular, we have not received any nominations by way of the advance notice mechanism.

Additional Disclosure Relating to Proposed Directors

Other than as described herein, to our knowledge, no proposed director: (i) is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of an issuer (including the Company) that, (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**order**"), (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer, chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) while that person was acting in the capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (ii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; or (iii) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

On September 27, 2010, Paintearth Energy Services Inc. ("**Paintearth**"), a company of which Mr. Hruska was formerly a director, filed a notice of intention to make a proposal under the Bankruptcy and Insolvency Act (Canada). Mr. Hruska resigned from the board of directors of Paintearth on June 16, 2010.

Board Nominee Agreement with Ewing Morris

As disclosed under the heading "*Voting Shares and Principal Holders of Voting Shares*", Ewing Morris beneficially owns, controls or directs, approximately 15.5% of the Company's issued and outstanding Shares. On May 1, 2019, the Company entered into an agreement (the "**Nominee Agreement**") with Ewing Morris pursuant to which the Company has agreed to appoint Lee Matheson, a partner of Ewing Morris, to the Board and to include Mr. Matheson on the slate of directors proposed for election at the Meeting, along with the additional seven (7) nominees proposed by management and which have been agreed to by Ewing Morris. Pursuant to the Nominee Agreement, the Company has granted Ewing Morris an additional right for a period of ninety (90) days following the date of the Meeting to request the Board to cause the appointment of one (1) additional independent director to the Board, which additional director shall be jointly agreed upon by the Company and Ewing Morris, acting reasonably. Such additional director, if any, shall be appointed to fill the vacancy to be created by the resignation of one of the current directors, other than the Ewing Morris nominee, as may be determined by the Board. Under the terms of the Nominee Agreement, Ewing Morris has agreed to vote all of its Shares in favor of all matters to be acted on at the Meeting.

Item 3 – Appointment of Auditors

Shareholders will be asked to consider an ordinary resolution appointing auditors of the Company to act until the next annual meeting of Shareholders. Management proposes the firm PricewaterhouseCoopers LLP, Chartered Professional Accountants, Calgary, Alberta, be appointed as auditors of the Company. PricewaterhouseCoopers LLP have been the auditors of the Company since 2006. Unless otherwise directed, the management designees, if named as proxy, intend to vote for the appointment of PricewaterhouseCoopers LLP as the auditors of the Company to hold office until the next annual meeting of the Shareholders at remuneration to be fixed by the Board.

Item 4 – Approval of Change of Name to "Strad Inc."

Background to the Name Change

The Company's intention to change its name to Strad Inc. is to better reflect the direction of continued focus on customers from a wide range of industrial sectors.

In October 2018, the Company announced the significant growth opportunity that exists for its Industrial Matting division. To reflect this positive development for the Company, and to clearly message to its customers and other stakeholders the commitment to lead this growth sector, Strad underwent several initiatives last fall that included reporting new financial segments, adding growth capital for Industrial Matting as well as a relaunch of our brand. By changing the corporate name to Strad Inc., this will better reflect the versatility of the business. Strad operates in a broad range of industrial sectors across North America, including: power transmission and distribution, pipelines, construction, mining as well as oil and gas.

Approval of Name Change Resolution

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, approve a special resolution approving the amendment of the articles of Strad pursuant to Section 173(1)(a) of the ABCA to change the name of the Company to "Strad Inc." (the "**Name Change Resolution**"), in the following form:

"BE IT RESOLVED, as a special resolution of the holders of the Class A Shares of Strad Energy Services Ltd. (the "**Company**"), that:

1. The Articles of the Company be amended to change the name of the Company to "Strad Inc.";
2. The directors of the Company are hereby authorized to revoke this special resolution before it is acted on, without any further approval or authorization of the shareholders of the Company; and
3. Any director or officer of the Company be and is hereby authorized to do all such further acts and things and to execute all such documents and instruments as may be necessary or desirable to give the effect to the matter contemplated by this special resolution, including but not limited to the filing of the articles of amendment under the *Business Corporations Act* (Alberta)."

In order to be effective, the Name Change Resolution must be passed by a majority of not less than two-thirds of the votes cast on the resolution by Shareholders present in person or by proxy at the Meeting. If approved, the effective date of the name change will be the date of issuance of a certificate of amendment, in respect of the name change, issued by the Registrar of Corporations under the ABCA, which is expected to be obtained shortly following the Meeting or as soon as practicable thereafter at the discretion of management. Shareholders are not required to take any action in respect of the certificates representing their Shares under Strad's current name.

No other action is required by Shareholders in connection with the proposed name change. The Company is not forwarding a letter of transmittal to shareholders for their use in transmitting certificates representing Shares in exchange for new certificates giving effect to the name change. Instead, in the event that the name change is approved by the requisite majority of Shareholders at the Meeting and articles of amendment are subsequently filed to give effect thereto, each existing Share certificate reflecting the current name of the Company shall continue to be a valid Share certificate of the Company until such certificate is transferred, reregistered or otherwise exchanged.

The Board and Management plan to vote FOR and recommend that Shareholders vote FOR the Name Change Resolution.

Unless otherwise directed by the Shareholders appointing them proxy, the persons named in the enclosed form of proxy intend to vote at the Meeting FOR the Name Change Resolution.

Item 5 - Other Business

The consolidated financial statements of the Company for the financial year-ended December 31, 2018, will be put before the Shareholders at the Meeting. The directors and officers of the Company are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters at the discretion of the person holding the proxy at the Meeting.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Governance

Composition of Human Resources Committee and Mandate

The Board is responsible for approving the compensation of the Company's directors and officers. The Board has delegated certain responsibilities respecting compensation to the Human Resources Committee. Under its written mandate, the primary function of the Human Resources Committee is to assist the Board in carrying out its responsibilities by reviewing compensation and human resources issues and making recommendations to the Board as appropriate. Among other things, the Human Resources Committee: (i) recommends to the Board human resources and compensation policies and guidelines for application to the Company and oversees the administration of such policies and guidelines as are approved by the Board; (ii) ensures that the Company has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of management; (iii) reviews the performance of the President and Chief Executive Officer relative to the goals and objectives of the Company for the purpose of determining the compensation of the President and Chief Executive Officer to be recommended to the Board for approval; (iv) recommends to the Board for approval the annual salary, bonus and other benefits, direct and indirect, of the executive officers of the Company, all within the human resources and compensation policies and guidelines approved by the Board; (v) periodically reviews with the President and Chief Executive Officer the Company's policies on compensation for all employees and overall human resources matters; and (vi) periodically reviews the adequacy and form of compensation of directors to ensure that the compensation realistically reflects the responsibility and risks involved in being an effective director and reports and makes recommendations to the Board accordingly.

The members of the Human Resources Committee are Craig F. Hruska (Chair), Michael J. McNulty, and Kristi C. Cawthorn. The Human Resources Committee is composed solely of "independent" directors for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. A description of the relevant education, skills and experience of each member of the Human Resources Committee that enables such member to make decisions on the suitability of the Company's compensation policies and practices is provided below:

Craig F. Hruska (Chair)

Mr. Hruska is a professional engineer whose career spans nearly over 30 years in the oil and gas industry. Since 1998, Mr. Hruska has held key leadership roles as President, Chief Executive Officer, as well as Director with several exploration and production companies, including Enercapita Energy Ltd, Scollard Energy Inc. and Addison Energy Inc., in which roles he gained extensive experience in analyzing and understanding compensation issues facing companies. Prior to his executive leadership roles, Mr. Hruska held positions of increasing responsibility in production, exploitation and reservoir engineering with Gulf Canada Resources Ltd, Archer Resources Ltd. and Stellarton Energy Corp. Mr. Hruska is a graduate of the University of Alberta and a Professional Engineer and member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Hruska also serves on the boards of Enercapita Energy Ltd. and Anegada Oil Corp.

Michael J. McNulty

Mr. McNulty is a Chartered Certified Accountant who has over 35 years of senior financial and risk management experience, including mergers, acquisitions, and capital markets. He held the position of Chief Financial Officer of Calfrac Well Services Ltd. from December 4, 2013 to March 4, 2016, and was the President and Chief Executive Officer of Saxon Energy Services Inc. from January 2010 to April 2013, and their Chief Financial Officer from January 2005 to January 2010, in which roles he gained extensive experience in analyzing and understanding compensation issues facing public companies.

Kristi C. Cawthorn

Ms. Cawthorn is a graduate of University of Calgary and a Chartered Professional Accountant with over 25 years of experience in the financial, oil and gas and manufacturing sectors. She currently serves as Chief Executive Officer of Startec Compression & Process Ltd. ("**Startec**"), a Calgary based manufacturer of compression, processing, and refrigeration systems. She also serves as a board member of several private companies. In the early part of Ms. Cawthorn's career, she held management positions at Grant Thornton LLP and Compton Petroleum Corporation.

Compensation Review Process

The Human Resources Committee makes its recommendations to the Board of Directors with respect to executive compensation. In doing so, the Human Resources Committee seeks advice from independent executive compensation advisors, as well as soliciting input from management.

While competitive market practice and the compensation programs already adopted by the Company inform their decisions regarding compensation levels and pay mix, the recommendations of the Human Resources Committee are driven by the particular circumstances of the Company and what the Human Resources Committee concludes is appropriate for the Company's executive team in light of broad industry factors, the Company's specific situation and the competitive employment environment.

The President and Chief Executive Officer recommends performance goals for the annual performance incentive to the Human Resources Committee based on the Company's priorities for the upcoming year and the budget.

The Human Resources Committee's recommendations with respect to payouts on annual performance incentives are based upon the degree to which corporate and individual objectives are met in the most recently completed fiscal year. The President and Chief Executive Officer provides the Human Resources Committee with individual performance assessments for the Company's other executive officers, and provides compensation recommendations. The Human Resources Committee reviews the President and Chief Executive Officer's recommendations along with the advice, guidance and recommendations provided by their independent compensation advisors as part of its deliberations on its recommendations to the Board with respect to all compensation matters.

Compensation Consultant or Advisor

In 2014, 2017, and again in 2018, the Company retained Lane Caputo Compensation Inc. (the "**Consultant**") to assist the Human Resources Committee in reviewing and assessing compensation for the Company's executive officers. The mandate given to the Consultant included, without limitation: (i) review of the Company's current approach to executive compensation and the appropriateness of the Company's comparator group of companies for benchmarking compensation; (ii) review the alignment of the Company's current approach to executive compensation to its business strategy within the context of peer and best practices; (iii) the identification of appropriate benchmarks for comparable executive positions; (iv) a review of the competitiveness of the Company's total compensation package; and (v) the development of directional recommendations for the Human Resources Committee's consideration.

The 2014 review process resulted in, among other matters, the Company's adoption of a retention award plan, a long-term cash-based performance driven award plan (the "**Retention Award Plan**"), which supplements the Company's use of its stock option program for purposes of long-term incentive compensation. The 2017 review process resulted in, among other matters, certain amendments to the Retention Award Plan effective in early 2018. See "*Incentive Plans – Retention Award Plan*".

The aggregate fees billed by the Consultant for services rendered in the two most recently completed financial years were as follows:

Year Ended December 31	Executive Compensations Related Fees	All Other Fees
2018	\$19,000	Nil
2017	\$52,000	Nil

Benchmarking

As part of their mandate in 2018, the Consultant developed a peer group of companies operating in the energy services industry as a proxy for the competitive market in which the Company competes to attract and retain executive talent. The Human Resources Committee discussed, modified and ultimately approved the companies included in the comparator group below:

Akita Drilling Ltd.	Horizon North Logistics Inc	STEP Energy Service Ltd.
Cathedral Energy Services Ltd.	McCoy Global Inc.	Total Energy Services Inc.
CWC Energy Services Corp.	North American Construction Group Ltd.	Vertex Resource Group Ltd.
Essential Energy Services Ltd.	PHX Energy Services Corp	Western Energy Services Corp.
High Arctic Energy Services Inc	Source Energy Services Ltd.	

The comparator group is reviewed annually by the Human Resources Committee in consultation with the Consultant if retained to ensure it continues to constitute an appropriate comparator group for executive compensation benchmarking.

Compensation Discussion and Analysis

Compensation Principles and Objectives

The Human Resources Committee of the Board determines the compensation payable to the executives and directors of the Company and, in doing so, ensures that the total compensation payable is fair and reasonable and is consistent with the Company's compensation philosophy.

The objective of the Company's compensation program is to attract, motivate, reward and retain highly talented and experienced executive officers. The compensation program is structured to ensure that compensation is competitive with other similarly situated companies and is reflective of the experience, performance, and contribution of the individuals involved and the overall performance of the Company. The Company's compensation philosophy is designed to align the interests of executive officers with Shareholders' interests and with the execution of the Company's business strategy.

The Human Resources Committee provides recommendations to the Board with respect to the compensation of executive officers of the Company, such compensation to include a base salary, the payment of annual cash bonuses, and participation in the Company's long-term incentive plans. In addition, executive officers are entitled to broad-based benefit programs. The Human Resources Committee believes that the combination of fixed and

variable compensation elements will motivate executives to achieve corporate goals and enhance shareholder value.

Elements of Our Compensation Program

Our executive compensation program provides a balanced set of components designed to deliver the objectives of our compensation philosophy and includes strong performance orientation. The fixed components, base salaries and other typical employment benefits, provide a competitive base of secure compensation necessary to attract and retain executive talent. The variable components, bonus and long-term incentives, are designed to balance performance and short-term goals with the long-term interests and goals of the Company and the Shareholders and motivate superior performance. The long-term incentive plans align executive officers with Shareholders and help retain executive talent. The combination of the fixed components and the variable incentive components deliver a competitive compensation package with a significant portion linked to corporate and individual performance.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities and the level of skills and experience required to successfully perform his role. The payment of base salaries is a fundamental component of the Company's compensation program and serves to attract and retain highly qualified executives. The Company intends to pay base salaries to its executive officers, including the Chief Executive Officer, that are competitive with those for similar positions within our selected peer group. For our executive officers, base salaries are targeted at the median of peer companies with which we compete for executive talent. Salaries of the executive officers, including that of the Chief Executive Officer, are reviewed annually by our Human Resources Committee based upon a review of corporate and personal performance and individual levels of responsibility.

Short-Term Incentive Compensation – Annual Cash Bonuses

The Company has a bonus plan pursuant to which the Board, upon recommendation of the Human Resources Committee, may award annual cash bonuses to all employees, including executive officers. The bonus element of Strad's executive compensation program is designed to retain top quality talent and reward both corporate and individual performance during the Company's last completed financial year. The bonus plan is intended to help ensure that overall executive cash compensation (i.e. salary and bonus) is comparable to the median levels of cash compensation in the competitive market for target performance.

To determine bonus awards for senior personnel, including the Named Executive Officers (as defined below), the Human Resources Committee considers both the executive's personal performance and the performance of the Company relative to its peers.

At the beginning of the year, performance criteria are selected to reflect the Company's top priorities for success for the coming year. These corporate performance objectives account for 90% of each executive officer's overall performance results (100% for the CEO) while individual performance objectives account for the remaining 10% (0% for the CEO). Performance results are applied to the following short-term incentive targets to determine each executive's annual cash bonus:

Name	Minimum (% of Base Salary)	Target (% of Base Salary)	Maximum (% of Base Salary)
Andrew Pernal Chief Executive Officer & President	0%	90%	135%

Name	Minimum (% of Base Salary)	Target (% of Base Salary)	Maximum (% of Base Salary)
Michael Donovan Chief Financial Officer	0%	70%	105%
Shane Hopkie Chief Operating Officer	0%	70%	105%

Actual awards may be above or below target based on performance outcomes. The performance measures for the annual performance incentive award range from 0% of target (if the threshold performance level is not achieved) to 100% of target (if the performance target is met). If the corporate financial performance target is exceeded by a specified amount the bonus may exceed 100%.

Personal performance of employees is evaluated by the Chief Executive Officer and is based on certain subjective factors such as demonstrated leadership and individual contributions to the success of the Company. Personal performance for each executive officer is evaluated by the Human Resources Committee in consultation with the Chief Executive Officer and is based on a subjective analysis of the individual's contribution to the corporate performance of the Company. After assessing corporate and personal performance, the Human Resources Committee reviews, at its discretion, such other factors it considers relevant to its decision as to whether bonuses will be payable and, if so, the amounts of such bonuses. The proposed bonus amounts for executive officers are then recommended by the Human Resources Committee for review, discussion and approval by the Board.

Long-term Incentive Compensation – Options and Incentive Awards

Directors, officers, employees and consultants of the Company are eligible to participate in the Company's stock option plan (the "**Option Plan**"). Awards of options to purchase Shares under the Option Plan ("**Options**") are made from time to time to participants at varying levels consistent with the individual's position and responsibility. Option grants to new employees are recommended by management on a case by case basis and approved by the Board. Additional grants may be made periodically to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the organization. The Company's Option Plan is utilized with a view to retaining key executives and management, encouraging long-term growth, and aligning long-term compensation of senior management with the interests of Shareholders. See "*Incentive Plans – Stock Option Plan*" for additional information concerning the Option Plan.

In March 2015, the Board approved the Retention Award Plan, which is designed to supplement the Option Plan and to focus and reward executives and employees for enhancing total Shareholder return over the long-term, both on an absolute and relative basis. The Retention Award Plan results in eligible employees receiving cash compensation in relation to the value of a specified number of underlying notional performance awards ("**Performance Awards**" or "**PAs**"), restricted awards ("**Restricted Awards**" or "**RAs**"), and director awards ("**DAs**" and together with the PAs and RAs, the "**Incentive Awards**").

PAs vest on the third anniversary following the grant date. RAs vest as to one-third of the number of the RAs granted on each of the first, second and third anniversaries of the grant date. Upon vesting, the holder is entitled to receive a cash payment based on the fair value of the underlying Shares determined using the 5-day weighted average trading price of the Shares ending immediately prior to the vesting date. Grants of PAs and/or RAs may be made periodically to ensure that the total compensation package of a particular individual is commensurate with the individual's level of ongoing responsibility within the organization. Grants of PAs and/or RAs would be made upon the recommendation of the Human Resources Committee and approved by the Board. See "*Incentive Plans – Retention Award Plan*" for additional information concerning the Retention Award Plan.

Risk Implications Associated with Compensation Policies and Practices

As described herein, the Company's executive compensation program is administered by the Human Resources Committee. In carrying out its mandate, the Human Resources Committee reviewed the elements of compensation of the Company to identify any risks arising from the Company's compensation policies and practices that could reasonably be expected to have a material adverse effect on the Company as well as the practices used to mitigate any such issues. The Human Resources Committee concluded that the compensation program and policies of the Company did not encourage its senior executives to take inappropriate or excessive risks. This assessment was based on a number of considerations including, without limitation, the following: (i) the compensation program of the Company attempts to achieve a balance between cash and equity compensation, which are based both on individual and corporate performance, both financial and non-financial and the overall compensation program is market based and aligned with the Company's business plan and long-term strategies; (ii) the Company's compensation policies and practices are generally uniform throughout the organization and there are no significant differences in compensation structure among the senior executives; (iii) in exercising its discretion under the cash bonus plan and the Option Plan, the Human Resources Committee reviews individual and corporate performance taking into account the long-term interests of the Company; (iv) awarding a significant portion of long-term incentive compensation in the form of Options and PAs, which PAs provide, through the Payout Multiplier (as defined below), a direct link between corporate performance and the level of payout received; (v) using a variety of measures to assess corporate performance, such as total shareholder return and profitability of investment; (vi) Options and Incentive Awards granted under the long-term incentive plans are generally granted annually and vest over a 3-year period which further mitigates any short-term risk taking potential; (vii) establishing a formal recoupment or "clawback" policy pursuant to which some or all cash bonus, Options and Incentive Awards made to executives are subject to recoupment in the event of restatement of financial statements resulting from misconduct; and (viii) results of annual assessments of personal contributions of senior executives' goals, objectives and performance are reviewed and considered in awarding compensation and such discretionary judgement is applied in awarding both discretionary bonuses under the cash bonus plan and future compensation.

Mitigation of Compensation Risks

As part of its annual review of the Company's compensation policies and practices, including the setting of annual corporate and individual performance objectives, as discussed below, the Human Resources Committee considers any risks associated with such policies and practices. The Human Resources Committee is satisfied that the current compensation policies and practices, combined with the enterprise risk management of the Company, offer a balanced combination that promotes adequate risk-taking with appropriate and reasonable compensation incentives. The Human Resources Committee believes that the executive compensation program of the Company should not raise its risk profile. Accordingly, the Company's compensation programs include safeguards designed to mitigate compensation risks. The following measures seek to impose appropriate limits to avoid excessive or inappropriate risk-taking or payments:

- (a) the Human Resources Committee retains an independent advisor to provide an external perspective of marketplace changes and best practices related to executive compensation design, governance and compensation risk management;
- (b) the Human Resources Committee undertakes annual review of the Company's compensation program to ensure competitiveness with the comparator group and trends in compensation practices and governance;
- (c) the Human Resources Committee undertakes an annual review of the Company's annual

performance incentives, long-term equity incentives, and corresponding performance objectives to ensure continued relevance and applicability to the Company's current stage of development and business strategy;

- (d) compensation paid to the Company's executive officers is spread between short-term incentives and mid to long-term incentives to mitigate the risk of too much emphasis on short-term goals at the expense of long-term sustainable performance;
- (e) cash components of annual performance incentives are capped to ensure preservation of capital and to provide upper payout boundaries;
- (f) the Human Resources Committee and the Board retain discretion to adjust individual performance objectives during the year to ensure they remain aligned with the evolving priorities of the Company in light of developments during the year. Discretion may also be exercised to increase or decrease payout levels based on a holistic assessment of the Company's performance, ensuring appropriate pay-for-performance alignment and providing the flexibility to make reasonable exceptions when necessary;
- (g) the Company's Anti-Hedging Policy which, in addition to the Company's insider trading policy, prohibits directors and executive officers from hedging equity-based compensation positions in the Company, and
- (h) minimum ownership requirements for the CEO and the NEO's were introduced in 2017 of 3 times the CEO's annual salary, and 1 times the NEO's annual salary, each to be satisfied over a period of 4 years.

Clawback Policy

The Company has implemented a formal recoupment or "clawback" policy on executive incentive compensation including, without limitation, bonuses, Options and Incentive Awards that may be awarded to our executive officers when: (i) any of these executives engages in willful misconduct or fraud which causes or significantly contributes to a re-statement of our financial statements due to our material non-compliance with any applicable financial reporting requirement under securities laws; (ii) the executive received incentive compensation calculated on the achievement of those financial results; and (iii) the incentive compensation received would have been lower had the financial statements been properly reported. The policy provides that when a clawback is triggered, our Board may, on the recommendation of the Human Resources Committee, and to the extent that it determines it is in the Company's best interests to do so, require the executive to repay the amount of incentive compensation relating to the year(s) subject to the restatement (or received upon exercise of payment of incentive compensation in or following the year(s) subject to the restatement) that is in excess of the incentive compensation the executive would have received if the incentive compensation had been computed in accordance with the results as restated, calculated on an after tax basis.

Restrictions on Purchase of Financial Instruments

The Company's Anti-Hedging Policy provides that director and officers of the Company, are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by such individuals.

In addition, the Company's Corporate Disclosure and Confidentiality and Insider Trading Policies provide that directors, officers and all employees of the Company, shall not knowingly sell, directly or indirectly, a security of the Company if such person selling such security does not own or has not fully paid for the security to be sold. In addition, the Corporate Disclosure and Confidentiality and Insider Trading Policies provide that directors, officers and employees of the Company shall not, directly or indirectly, buy or sell a call or put in respect of a security of the Company. Notwithstanding these prohibitions, directors, officers and employees of the Company may sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

Human Resource Committee Decisions Relating to 2018 Compensation

Base Salaries

The base salaries for the financial year ended December 31, 2018, were generally set to be competitive with industry levels commensurate with the contributions made by each of the executive officers.

Short-Term Incentive Compensation – Annual Cash Bonuses

In December 2017, corporate objectives were selected to reflect the Company's top priorities for success in 2018. In February 2019, after financial and operating results were finalized, the Human Resources Committee met to assess corporate performance and determine annual bonuses to employees, including executive officers of the Company.

	Performance Metric
Financial	Return on Gross Assets (ROGA)
	Cash Return on Invested Capital (ROIC)
Safety	Total Recordable Incident Frequency (TRIF)
	Vehicle Incident Rate (VIR)
	Corporate Development Objectives
	Strategic Priorities

In evaluating 2018 corporate performance, upon consultation with management, the Human Resources Committee considered the performance related results achieved by the Company in 2018 within the context of challenging market conditions that occurred in the oil and natural gas industry as a result of the continuation of weak commodity prices. Based on its assessment of 2018 corporate achievements based on the performance metrics listed above, individual performance and competitive factors in the industry and the local market place, the Human Resources Committee determined that the following bonus payments were warranted and the Company's Board supported the recommendations of the Human Resources Committee:

Name	Bonus Payment
Andrew Pernal Chief Executive Officer & President	\$240,629
Michael Donovan Chief Financial Officer	\$119,750
Shane Hopkie Chief Operating Officer	\$146,966

Long-term Incentive Compensation – Options and Incentive Awards

In an effort to aid executive officers in the repayment of outstanding loans from the Company used to purchase Shares in the Company, the Human Resources Committee chose to make 2018 long-term incentive awards in the form of Options and RAs, emphasizing the Corporation's philosophy to pay for performance while also providing executive officers with an incentive directly linked to the value of their outstanding loans. The intent of the current long-term incentive program is for the proceeds from vested RAs to be directed toward repaying the outstanding loans used to purchase Shares in the Company. Once the outstanding loans are repaid in full, proceeds from vested RAs are to be used to purchase shares on the open market to meet the minimum share ownership requirements.

Upon repayment of the loans in full and achievement of the minimum ownership requirements by each executive officer, the Human Resources Committee intends to return to the practice of awarding long-term incentives in the form of Options, RAs and PAs.

In March 2018, the following Options and RAs were granted to each of the NEOs:

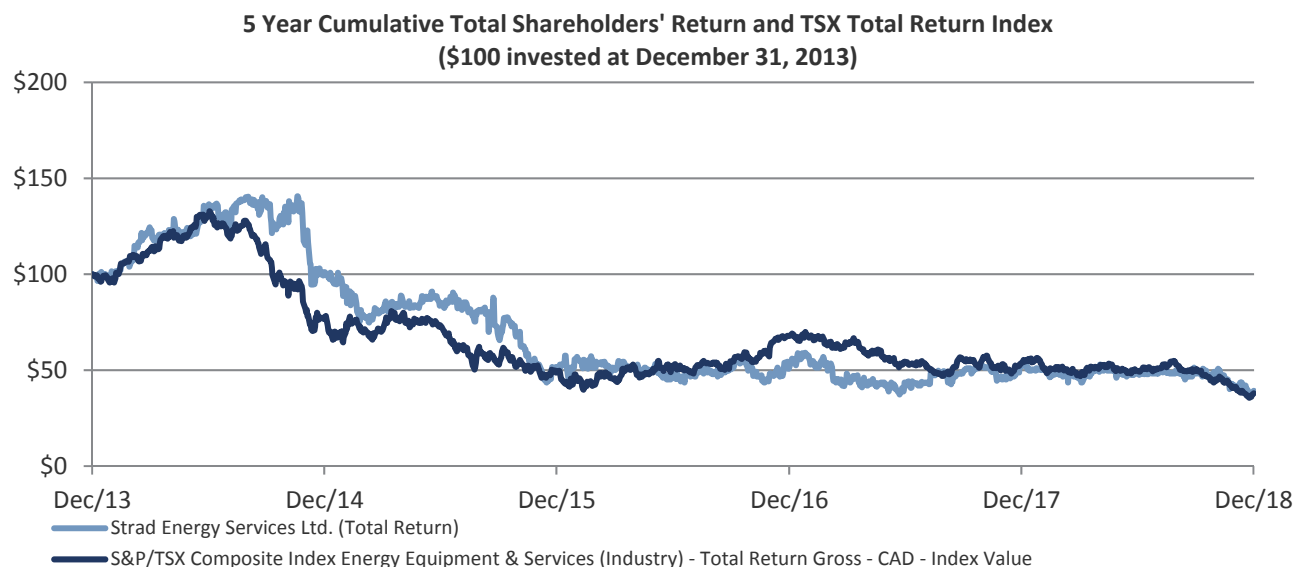
Name	Options (#)	RAs (#)
Andrew Pernal Chief Executive Officer & President	75,000	150,000
Michael Donovan Chief Financial Officer	35,000	70,000
Shane Hopkie Chief Operating Officer	35,000	70,000

Summary

The Company's compensation policies have allowed the Company to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing Shareholder value. The Human Resources Committee has reviewed the compensation regime and is satisfied that the current levels of total compensation are reflective of competitive market practices, align pay for performance with the interests of shareholders and support Strad's objective to attract, retain and motivate highly capable executive talent. Through the compensation program described above, a significant portion of the compensation for all employees, including executives, is based on corporate performance, as well as industry-competitive pay practices. The Human Resources Committee and the Board of Strad will continue to review compensation policies to ensure that they are competitive within the oil and natural gas industry and consistent with the performance of the Company.

Performance Graph

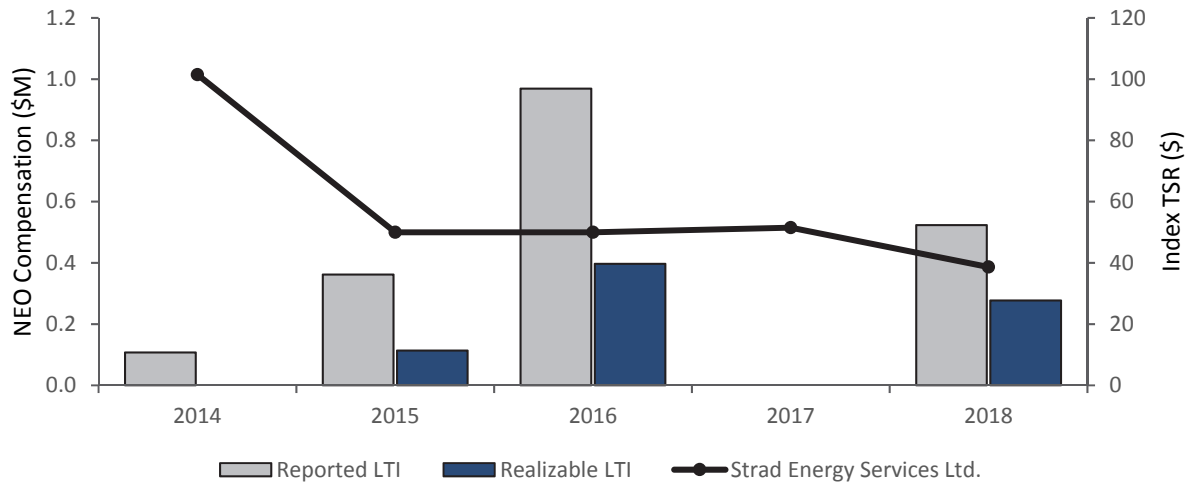
The graph below compares on a yearly basis the cumulative total Shareholders' return as measured by the closing price of our Shares at the end of each period ended December 31, 2013 to December 31, 2018 of \$100 invested in the Shares versus the total return, including the reinvestment of dividends, of \$100 invested in the S&P/TSX Composite Index Energy Equipment & Services (Industry).



	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018
Strad Energy Services Ltd.	\$101	\$51	\$51	\$52	\$39
S&P/TSX Composite Index Energy Equipment & Services (Industry) - Total Return Gross - CAD - Index Value	\$77	\$49	\$68	\$53	\$38

The compensation received by the Named Executive Officers generally corresponds with fluctuations in our total return over the period indicated on the above graph due to the inherent link between the value of Options granted under our Option Plan, Incentive Awards granted under our Retention Award Plan and fluctuations in the market price of our Shares.

Total Shareholder Return vs. NEO LTI Compensation



As evidenced in the exhibit above, the realizable value of those Options and Incentive Awards are much lower than the value reported annually in the Summary Compensation Table, correlating quite closely with the shareholder experience.

While the long-term component of executive compensation is closely aligned with shareholder experience, base salaries are set to be competitive with industry levels. In addition, cash bonuses may be paid based upon a review of various operational and other objectives of the Company, the results of which may not have necessarily been reflected in the Company's share price in a particular year. In addition, the trading price of the Shares may be affected by various factors not related to the results of the Company such as changes in commodity prices and general economic conditions. Accordingly, it is difficult to specifically correlate total compensation to the trends shown in totality in the performance graph.

Summary of Compensation of Named Executive Officers

The following table sets forth, for the years ended December 31, 2018, 2017 and 2016, information concerning the compensation paid to our Chief Executive Officer, Chief Financial Officer, and the only other executive officer of the Company, as at the end of the year ended December 31, 2018 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executives Officers" or "NEOs").

Name and principal position	Year	Salary (\$)	Option-based awards ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽⁴⁾	Total compensation (\$)
					Annual incentive plans ⁽³⁾	Long-term incentive plans			
Andrew Pernal ⁽⁵⁾ President and Chief Executive Officer	2018	350,000	48,713	222,000	240,629	-	-	14,400	875,742
	2017	316,346	-	-	143,749	-	-	60,011	520,106
	2016	262,500	162,388	321,500	-	-	-	14,400	760,788
Michael Donovan Chief Financial Officer	2018	220,000	22,733	103,600	119,750	-	-	14,400	480,483
	2017	204,615	-	-	67,430	-	-	33,064	305,109
	2016	165,600	78,613	112,300	-	-	-	13,800	370,313
Shane Hopkie Chief Operating Officer	2018	267,923	22,733	103,600	146,966	-	-	14,400	555,622
	2017	238,269	-	-	99,306	-	-	48,477	386,052
	2016	187,500	110,592	183,850	-	-	-	14,400	496,342

Notes:

- (1) Comprised of Options granted pursuant to the Option Plan. For a complete description of the terms of the Option Plan, see "*Incentive Plans – Stock Option Plan*". Value is based on the grant date fair value of the Options calculated using the Black-Scholes methodology based on the following assumptions: risk free interest rate – 2.07% (2017 – 1.92%; and 2016 – between 0.53% and 0.92%); expected volatility – 46% (2017 – 45%; and 2016 – between 42% and 43%); expected term – 5 years; annual dividends of \$nil and an expected forfeiture rate 14% (2017 – 15%; and 2016 - 15%). This methodology was selected due to its acceptance as an appropriate evaluation model used for similar sized oil and gas service companies and is consistent with the Company's financial reporting under IFRS.
- (2) This column shows the compensation value that was awarded as Incentive Awards in the form of PAs and RAs" under Strad's Retention Award Plan. For a complete description of the terms of the Retention Award Plan, see "*Incentive Plans – Retention Award Plan*". Value is based on the grant date fair value of the applicable Incentive Awards determined by multiplying the number of Incentive Awards by the five-day weighted average of the Shares ending immediately prior to the grant date. This calculation assumes a Payout Multiplier of 1x for the PAs. This method of determining the award value has been used as such amount represents the dollar value used by the Human Resources Committee and the Board when the awards were granted to these individuals. The actual value realized pursuant to such Performance Awards may be greater or less than the indicated value.
- (3) Reflects the cash amounts awarded to the NEO under the Company's discretionary cash bonus plan in respect of the applicable fiscal year ended.
- (4) All other compensation includes vehicle allowance and accrued vacation payouts.
- (5) Named Executive Officers of the Company who also act as directors of the Company do not receive any additional compensation for services rendered in their capacity as directors.

Incentive Plan Awards

For a description of our Incentive Plans, please see "*Incentive Plans*".

Outstanding Option-based Awards and Share-based Awards

The following table sets forth for each Named Executive Officer all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2018.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested ⁽²⁾ (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed ⁽²⁾ (\$)
Andrew Pernal Chief Executive Officer & President	80,000 85,000 127,500 140,000 75,000	3.68 2.70 1.69 1.54 1.52	January 24, 2019 March 7, 2020 March 23, 2021 December 7, 2021 March 6, 2023	- - - - -	200,000, PA 150,000, RA	441,000	-
Michael Donovan Chief Financial Officer	10,000 10,000 55,000 75,000 35,000	3.68 2.70 1.69 1.54 1.52	January 24, 2019 March 7, 2020 March 23, 2021 December 7, 2021 March 6, 2023	- - - - -	70,000, PA 70,000, RA	176,400	-
Shane Hopkie Chief Operating Officer	50,000 55,000 82,500 100,000 35,000	3.68 2.70 1.69 1.54 1.52	January 24, 2019 March 7, 2020 March 23, 2021 December 7, 2021 March 6, 2023	- - - - -	115,000, PA 70,000, RA	233,100	-

Notes:

- (1) Calculated based on the December 31, 2018 closing price of the Shares on the TSX, which was \$1.26 per share, less the exercise price of the Options.
- (2) Reflects Incentive Awards in the form of PAs or RAs, as the case may be, the estimated payout value of which is calculated based on the closing price of the Shares at December 31, 2018 (\$1.26) multiplied by the number of Incentive Awards. For PAs, a Payout Multiplier of 1x is assumed.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the year ended December 31, 2018, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2018.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\\$)	Share-based awards – Value vested during the year ⁽²⁾ (\\$)	Non-equity incentive plan compensation – Value earned during the year ⁽³⁾ (\\$)
Andrew Pernal, Chief Executive Officer & President	Nil	45,432	240,629
Michael Donovan, Chief Financial Officer	Nil	9,586	119,750
Shane Hopkie, Chief Operating Officer	Nil	22,716	146,966

Notes:

- (1) The value of vested Options is calculated based on the difference between the closing price of the Shares on the vesting dates and the exercise price of the Options on the vesting dates.
- (2) Reflects the value of the PAs held by these individuals that vested during the year ended December 31, 2018, which is calculated based on the closing price of the Shares at December 31, 2018 (\$1.26) multiplied by the number of PAs vested during the year ended December 31, 2018.
- (3) Reflects the cash bonus earned by the NEO in respect of the last completed financial year.

Incentive Plans

Securities Authorized for Issuance under Equity Compensation Plans

The Option Plan is the only compensation plan pursuant to which equity securities of the Company are authorized for issuance. The Option Plan is described in detail below. Information concerning the outstanding Options and the Shares available for issuance under the Option Plan as at December 31, 2018, is set out in the table below:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b) ⁽²⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders ⁽¹⁾	1,980,000	\$1.96	3,744,442
Equity compensation plans not approved by security holders	-	-	-
Total	1,980,000	\$1.96	3,744,442

Notes:

- (1) Reflects the maximum number of Shares issuable under the Company's 10% rolling Option Plan based upon the number of Shares outstanding as at December 31, 2018. There were no Options exercised for Shares in 2018.
- (2) Represents the weighted average exercise price of Options as at December 31, 2018.

Stock Option Plan

General

The Option Plan is intended to afford persons who provide services to the Company an opportunity to obtain a proprietary interest in the Company by permitting them to purchase Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the Company. The Option Plan permits the granting of Options to officers, employees and consultants of the Company and its subsidiaries

("Participants"). Directors of the Company who are not officers or employees of the Company or its subsidiaries are not eligible for participation in the Option Plan. The Option Plan provides an increased incentive for the Participants to contribute to the future success and prosperity of the Company, thus enhancing the value of the Shares for the benefit of all the shareholders and increasing the ability of the Company to attract and retain individuals of exceptional skill.

The Option Plan is currently administered by the Human Resources Committee. The Human Resources Committee reviews and makes recommendations with respect to the proposed grant of Options. The Board may, from time to time, adopt such rules and regulations for administering the Option Plan as it may deem proper and in the best interests of the Company.

The policies of the TSX require that all unallocated Options be approved every three years by Shareholders of the Company. All unallocated Options under the Company's Option Plan were last approved by our Shareholders at the annual and special meeting held on May 30, 2018.

Option Grants

Under the Option Plan, the Board may, from time to time, grant Options to such Participants as it chooses and, subject to the restrictions described below, in such numbers as it chooses. The Human Resources Committee is responsible for reviewing and recommending to the Board for approval grants of Options to the executive officers and employees of the Company. In considering such grants, the Human Resources Committee consults with the President and Chief Executive Officer and considers numerous factors, including the capital position of the Company, market conditions, the number of outstanding Options and previous grants.

The exercise price of each Option is fixed by the Board when the Option is granted, provided that such price shall not be less than the volume weighted average trading price per share for the Shares on the TSX for the five consecutive trading days ending on the last trading day preceding the date that the Option is granted. Options granted to Participants are non-transferable and non-assignable and, except in the case of the death of a Participant, are exercisable only by the Participant to whom the Options have been granted.

Limits on Option Grants

The aggregate number of Shares that may be reserved for issuance under the Option Plan, together with any Shares reserved for issuance under any other security based compensation arrangements (as such term is defined by the TSX) of the Company, shall not exceed 10% of the Shares (on a non-diluted basis) outstanding at any time. In addition, any grant of Options under the Option Plan shall be subject to the following additional restrictions:

- (a) directors of the Company who are not officers or employees of the Company or its subsidiaries are not eligible for grants of Options under the Option Plan and the Board shall not be entitled to amend the Option Plan so as to permit the re-introduction of non-employee directors as eligible Participants under the Option Plan in the absence of the approval of the Shareholders;
- (b) the aggregate number of Shares reserved for issuance pursuant to Options granted to any one person, when combined with any other security based compensation arrangements, may not exceed 5% of the outstanding Shares (on a non-diluted basis);
- (c) the aggregate number of Shares reserved for issuance pursuant to Options granted to "Insiders" (as defined in the TSX Company Manual) pursuant to the Option Plan, when combined with any other security based compensation arrangements, may not exceed 10% of the outstanding Shares (on a non-diluted basis); and

- (d) the aggregate number of Shares issued within any one year period to Insiders pursuant to Options, when combined with any other security based compensation arrangements, may not exceed 10% of the outstanding Shares (on a non-diluted basis).

Expiry

Options granted pursuant to the Option Plan must be exercised within a period of five years after the date of grant.

In the event of the Participant ceasing to be an officer, employee or consultant of the Company for any reason other than death (including the resignation or retirement of the Participant as an officer or employee of the Company or the termination by the Company of the employment of the Participant or the termination by the Company or the Participant of the consulting arrangement with the Participant), Options held by such Participant shall cease and terminate and be of no further force or effect the earlier of the expiry time of the Option and the thirtieth day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by the Company; or (iii) the date the notice of termination of the consulting agreement is given by the Company to the Participant, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by the Company and shall be of no further force or effect whatsoever as to the Shares in respect of which an Option has not previously been exercised.

If a Participant dies, the legal representatives of the Participant may exercise the Options held by the Participant within a period after the date of the Participant's death as determined by the Board, provided that such period shall not extend beyond twelve months following the death of the Participant or exceed the expiry date of such Option.

Vesting

The vesting period or periods of Options granted under the Option Plan is determined by the Board at the time of grant. The Board may, in its sole discretion at any time, accelerate vesting of Options previously granted. In the event a change of control of the Company, as defined in the Option Plan, is contemplated or has occurred, all Options which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board for a period of time ending on the earlier of the expiry time of the Option and the thirtieth (30th) day following the change of control.

Exercise

Participants may exercise vested Options by providing a notice in writing signed by the Participant to the Company together with payment in full of the exercise price for the Shares which are the subject of the exercise. The Company does not provide Participants with financial assistance for the exercise of Options.

A Participant may elect a cashless exercise of Options, pursuant to which the Company shall satisfy any obligations to the Participant in respect of any Options exercised by the Participant by issuing such number of Shares to the Participant that is equal in value to the difference between the closing trading price of the Shares on the TSX on the day prior to the date on which the Option is exercised and the exercise price. Participants are entitled to the cashless exercise right in respect of all or a portion of unexercised Options which they are entitled to exercise.

Restrictions on Amendments to the Option Plan and Options

Without the prior approval of the holders of a majority of the Shares of the Company at a duly convened meeting of Shareholders, the Board may NOT make any amendment to the Option Plan or Options granted thereunder that would have the effect of:

- (i) increasing the maximum percentage of Shares that may be reserved for issuance under the Option Plan;
- (ii) increasing the maximum percentage of Shares that may be reserved for issuance under the Option Plan to Insiders or any one person;
- (iii) increasing the maximum percentage of Shares that may be issued under the Option Plan within any one year period to Insiders;
- (iv) changing the amendment provisions of the Option Plan;
- (v) changing the terms of any Options held by Insiders;
- (vi) reducing the exercise price of any outstanding Option (including the reissue of an Option within 90 days of cancellation which constitutes a reduction in the exercise price);
- (vii) amending the definition of Participants to expand the categories of individuals eligible for participation in the Option Plan including, without limitation, to permit the reintroduction of non-employee directors as eligible Participants;
- (viii) extending the expiry date of an outstanding Option or amending the Option Plan to allow for the grant of an Option with an expiry date of more than five years from the grant date;
or
- (ix) amending the Option Plan to permit the transferability of Options, except in the case of death of a Participant.

Subject to the restrictions set out above, the Board may amend or discontinue the Option Plan and Options granted thereunder at any time without Shareholder approval, provided that any amendment to the Option Plan that requires approval of any stock exchange on which the Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendments to the Option Plan or Options granted thereunder may be made without the consent of a Participant if it adversely affects any Option previously granted to such Participant.

Anti-Dilution Provisions

The Option Plan provides that customary and appropriate adjustments in the number of Shares subject to the Option Plan, the number of Shares optioned and the exercise price, shall be made by the Board to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Company.

Burn Rate

The following table summarizes the Company's burn rate under the Option Plan for each of the three most recently completed financial years.

Year	Shares Outstanding ⁽¹⁾	Options Granted	Options Granted	Shares Issued on Exercise of Options ⁽²⁾	Shares Issued on Exercise of Options ⁽²⁾
		(#)	(%) ⁽³⁾	(#)	(%) ⁽³⁾
2016	40,626,492	1,382,500	3.4	Nil	Nil
2017	58,664,730	15,000	0.0	Nil	Nil
2018	57,955,053	456,000	0.8	Nil	Nil

Notes:

- (1) Expressed as the weighted average number of Shares outstanding during the period. This is the number of Shares outstanding at the beginning of the period, adjusted by the number of Shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the Shares are outstanding as a proportion of the total number of days in the period. The weighted average number of Shares outstanding is calculated in accordance with the CPA Canada Handbook.
- (2) Each option entitles the holder thereof to acquire one Share.
- (3) Expressed as a percentage of the weighted average number of Shares outstanding during the period.

Retention Award Plan

In March of 2015, the Board of the Company approved the Retention Award Plan, which provides for the granting of Incentive Awards to directors, officers, employees, consultants and other service providers ("**Service Providers**") of the Company and its subsidiaries. The Retention Award Plan is solely cash-based and, accordingly, the Company will not issue any Shares in connection with the Retention Award Plan. The Retention Award Plan provides an additional long-term incentive designed to retain qualified Service Providers and to focus and reward Service Providers for enhancing total Shareholder return over the long-term both on an absolute and relative basis. The Retention Award Plan results in eligible participants receiving cash compensation in relation to the future value of a specified number of Incentive Awards based upon the value of the Company's Shares at the time of settlement.

The Retention Award Plan is intended to be used as an additional performance based compensation tool available to the Board as it may determine appropriate as a method of supplementing the total compensation package of key Service Providers to the Company. Upon a grantee ceasing to be a Service Provider, all unvested Incentive Awards will be deemed to be cancelled without any payment thereunder.

Incentive Awards are comprised of three types of awards, being PAs and RAs, which may be issued to employees including executives of the Company and other service providers, and DAs, which may be issued to non-executive directors of the Company.

Performance Awards

Subject to the terms and conditions of the Retention Award Plan, PAs will vest on the third anniversary of the grant date (the "**Payment Date**"). Upon vesting, Performance Awards will entitle the holder to a cash payment calculated at the Payment Date by first adjusting the number of Performance Awards vesting to reflect accrued reinvested dividends and a payout multiplier (the "**Payout Multiplier**"), and multiplying the adjusted number of Performance Awards by the fair market value of the Shares. The fair market value is determined on the Payment Date as the volume weighted average trading price of the Shares on the TSX (or such stock exchange on which the Shares may be listed) for the five consecutive trading days immediately preceding the Payment Date.

The Payout Multiplier is determined by the Board based upon its assessment of the Company's total Shareholder return relative to its peer comparison group over the three year vesting period. The Payout Multiplier can be one

of 0 x (for fourth quartile ranking), 0.5 x (for third quartile ranking), 1.0 x (for second quartile ranking) or 2.0 x (for first quartile ranking).

Restricted Awards

Subject to the terms and conditions of the Retention Award Plan, RAs will vest as to one-third of the number of Restricted Awards granted on each of the first, second and third anniversaries of the grant date (the "**Settlement Date**"). Upon vesting, Restricted Awards will entitle the holder to a cash payment calculated at the **Settlement Date** by first adjusting the number of Restricted Awards vesting to reflect accrued reinvested dividends, and multiplying the adjusted number of vested Restricted Awards by the fair market value of the Shares. The fair market value is determined on the Settlement Date as the volume weighted average trading price of the Shares on the TSX (or such stock exchange on which the Shares may be listed) for the five consecutive trading days immediately preceding the Settlement Date.

Director Awards

Subject to the terms and conditions of the Retention Award Plan, Director Awards will vest on the date the director ceases to be a member of the Board. Directors are entitled to elect to receive all or a portion of their annual retainer fees otherwise payable in the form of Director Awards. Upon vesting, DAs will entitle the holder to a cash payment calculated on the same basis as the Performance Awards except that no Payout Multiplier will be applied to such Director Awards.

Pension Plan Benefits

The Company does not have any pension plan or similar benefit program in place for its executive officers, employees or directors.

Employment Agreements and Termination and Change of Control Benefits

The Company has entered into executive employment agreements ("**Executive Employment Agreements**") with the following individuals that provide for termination payments as described below.

Andrew Pernal

Mr. Pernal's Executive Employment Agreement provides for a lump sum severance payment to Mr. Pernal in the event that Mr. Pernal's employment is terminated by the Company without notice or just cause or in the event that there is a change of control of the Company and Mr. Pernal's employment is terminated within 3 months of the change of control without just cause. Such severance payment will be equal to Mr. Pernal's contractual base salary before any temporary reductions, which is \$400,000, multiplied by 1.75, plus an amount equal to 20% of Mr. Pernal's base salary for benefits, plus an amount equal to 1.75 times the average of the annual bonus paid to Mr. Pernal in the last two years. For purposes of this calculation, the severance multiplier increases by 1/12 for each full year Mr. Pernal continues to be employed by the Company to a maximum of 2. Pursuant to his Executive Employment Agreement, Mr. Pernal is subject to confidentiality, non-competition and non-solicitation obligations standard to this type of employment agreement.

Shane Hopkie

Mr. Hopkie's Executive Employment Agreement provides for a lump sum severance payment to Mr. Hopkie in the event that Mr. Hopkie's employment is terminated by the Company without notice or just cause or in the event that there is a change of control of the Company and Mr. Hopkie's employment is terminated within 3 months of the change of control without just cause. Such severance payment will be equal to Mr. Hopkie's contractual base

salary before any temporary reductions, which is \$300,000 per annum for the last financial year ended, plus an amount equal to 20% of Mr. Hopkie's base salary for benefits, plus an amount equal to 1.0 times the average of the annual bonus paid to Mr. Hopkie in the last two years. Pursuant to his Executive Employment Agreement, Mr. Hopkie is subject to confidentiality, non-competition and non-solicitation obligations standard to this type of employment agreement.

Michael Donovan

Mr. Donovan's Executive Employment Agreement provides for a lump sum severance payment to Mr. Donovan in the event that Mr. Donovan's employment is terminated by the Company without notice or just cause or in the event that there is a change of control of the Company and Mr. Donovan's employment is terminated within 3 months of the change of control without just cause. Such severance payment will be equal to Mr. Donovan's contractual base salary before any temporary reductions, which is \$240,000 per annum, plus an amount equal to 20% of Mr. Donovan's base salary for benefits, plus an amount equal to 1.0 times the average of the annual bonus paid to Mr. Donovan in the last two years. Pursuant to his Executive Employment Agreement, Mr. Donovan is subject to confidentiality, non-competition and non-solicitation obligations standard to this type of employment agreement.

Both the Option Plan and Retention Award Plan provide for the accelerated vesting of outstanding Options and Incentive Awards, respectively, in certain circumstances, including in connection with a change of control of the Company.

The table below provides details of the cash payment that would have been made under the employment agreements to each of the Named Executive Officers and the value of accelerated Options and Incentive Awards held by each of the officers assuming the occurrence of a termination without just cause or in association with a change in control of the Company as of December 31, 2018. The value of the accelerated Options has been calculated based on the difference between the exercise price of the Options and the closing price of the Shares on the TSX on December 31, 2018, of \$1.26. The value of the accelerated Incentive Awards has been calculated based on the five-day weighted average trading price of the Shares on December 31, 2018, and an assumed Payout Multiplier of 1x for Performance Awards and reflects the prorata portion of the vesting period of the award.

Name	Cash Payment (\$)	Options (\$)	Incentive Awards (\$)	Total Payment (\$)
Andrew Pernal President and Chief Executive Officer	1,176,313 ⁽¹⁾ 1,176,313 ⁽²⁾	Nil ⁽¹⁾ Nil ⁽²⁾	247,528 ⁽¹⁾ 431,480 ⁽²⁾	1,423,859 ⁽¹⁾ 1,607,793 ⁽²⁾
Michael Donovan Chief Financial Officer	381,590 ⁽¹⁾ 381,590 ⁽²⁾	Nil ⁽¹⁾ Nil ⁽²⁾	92,207 ⁽¹⁾ 172,592 ⁽²⁾	473,797 ⁽¹⁾ 554,182 ⁽²⁾
Shane Hopkie Chief Operating Officer	483,136 ⁽¹⁾ 483,136 ⁽²⁾	Nil ⁽¹⁾ Nil ⁽²⁾	134,781 ⁽¹⁾ 228,068 ⁽²⁾	617,917 ⁽¹⁾ 711,204 ⁽²⁾

Notes:

- (1) Amounts payable if NEO is terminated without just cause.
- (2) Amounts payable if NEO is terminated due to change of control of the Company.

DIRECTOR COMPENSATION

Director compensation is reviewed annually by the Human Resources Committee. The compensation philosophy for directors is similar to that for Named Executive Officers in that compensation includes a base retainer, meeting fees and participation under the Retention Award Plan, the benefit of which is tied to Shareholder return.

Directors are entitled to receive an annual retainer of \$24,000 as well as a fee of \$1,000 for each meeting of the Board or Committee of the Board attended. The Chair of the Board, Audit Committee, Governance Committee and Human Resources Committee are entitled to receive additional annual retainers of \$54,000, \$12,000, \$6,000 and \$9,000, respectively. Directors are also entitled to be reimbursed for reasonable out-of-pocket expenses incurred in carrying out their duties as directors. The table below reflects the actual cash amounts received by the directors during the fiscal year ended.

In March of 2015 the Board adopted the Retention Award Plan pursuant to which the Company may grant DAs to non-executive directors of the Company. See "*Incentive Plans – Retention Award Plan*".

Summary of Director Compensation

The following table outlines information concerning the compensation paid to the directors, other than directors who are also NEOs, for the year ended December 31, 2018:

Name	Fees taken in Cash ⁽¹⁾ (\$)	Fees taken in Director Awards ⁽²⁾ (\$)	Share-based Awards ⁽²⁾ (\$)	Option-Based Awards (\$)	Pension Value (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Robert J. A. Grandfield ⁽³⁾	93,150	29,250	44,400	-	-	-	-	166,800
Michael J. McNulty ⁽⁴⁾	58,000	-	44,400	-	-	-	-	102,400
Jack H. Nodwell	50,000	-	44,400	-	-	-	-	94,400
Craig F. Hruska	35,400	33,000	44,400	-	-	-	-	112,800
Thomas M. Alford	47,800	24,000	44,400	-	-	-	-	116,200
Lyle A. Wood ⁽⁵⁾	-	-	-	-	-	-	306,000	306,000
Kristi C. Cawthorn ⁽⁶⁾	2,000	2,674	-	-	-	-	-	4,674

Notes:

- (1) Does not include the amount of fees earned for which the director has elected to receive Director Awards, the value of which are reported in the above table under "Fees take in Director Awards".
- (2) Comprised of Director Awards granted pursuant to the Company's Retention Award Plan. Values are based the number of Director Awards granted multiplied by the five-day weighted average price of the Shares ending immediately prior to the grant date. For more information on the Director Awards, see "*Incentive Plans – Retention Award Plan*".
- (3) Mr. Grandfield resigned as Chairman on December 5, 2018 and as a director on December 31, 2018.
- (4) Mr. McNulty was appointed as Chairman on December 5, 2018.
- (5) Mr. Wood was appointed as a director on August 31, 2016. Mr. Wood receives annual compensation in the form of consulting fees. Reflects compensation paid to Mr. Wood for on-going business development activities.
- (6) Ms. Cawthorn was appointed as a director on November 20, 2018.

Outstanding Option-Based and Share-Based Awards

The following table outlines for each non-executive director all option-based and share-based awards outstanding as at December 31, 2018.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not been vested (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed ⁽³⁾ (\$)
Robert J. A. Grandfield ⁽⁴⁾	17,000	3.68	January 24, 2019	-	139,610	-	172,111
Michael J. McNulty ⁽⁵⁾	Nil			-	60,000	73,968	-
Jack H. Nodwell	17,000	3.68	January 24, 2019	-	77,500	95,542	-
Craig F. Hruska	Nil			-	107,838	132,943	-
Thomas M. Alford	Nil			-	93,345	115,076	-
Lyle A. Wood	Nil			-	Nil	Nil	-
Kristi C. Cawthorn ⁽⁶⁾	Nil			-	2,169	2,674	-

Notes:

- (1) Calculated based on the December 31, 2018 closing price of the Shares on the TSX, which was \$1.26 per Share, less the exercise price of the Options.
- (2) Calculated based on the five-day weighted average price of the Shares on 5 day VWAP of \$1.23 multiplied by the number of Director Awards on such date.
- (3) Director Awards vest on the date the director ceases to be a member of the Board.
- (4) Mr. Grandfield resigned as Chairman on December 5, 2018 and as a director on December 31, 2018.
- (5) Mr. McNulty was appointed as Chairman on December 5, 2018
- (6) Ms. Cawthorn was appointed as a director on November 20, 2018.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each non-executive director the value of Options and Director Awards which vested during the year ended December 31, 2018. No non-equity incentive plan compensation was earned during the year.

Name	Options – Value Vested During the Year ⁽¹⁾ (\$)	Director Awards – Value Vested During the Year ⁽²⁾ (\$)
Robert J. A. Grandfield	Nil	172,111 ⁽³⁾
Kristi C. Cawthorn	Nil	Nil
Jack H. Nodwell	Nil	Nil
Craig F. Hruska	Nil	Nil
Thomas M. Alford	Nil	Nil
Lyle A. Wood	Nil	Nil
Michael J. McNulty	Nil	Nil

Notes:

- (1) The value of vested Options is calculated based on the difference between the closing price of the Shares on the vesting dates and the exercise price of the Options on the vesting date.
- (2) The value of vested Director Awards is calculated based on the number of Director Awards then vested multiplied by the five-day weighted average price of the Shares immediately prior to the vesting date.
- (3) An aggregate of 139,610 DAs vested on upon Mr. Grandfield's resignation as a director and Chairman on December 31, 2018.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES

Other than as described below, no director, executive officer, employee or former executive officer, director or employee of the Company or any of its subsidiaries, or any associate of any such director, officer or employee is, or has been at any time since the beginning of the most recently completed financial year of the Company, indebted to the Company or any of its subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of the most recently completed financial year of the Company has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

Certain executive officers have outstanding loans totaling approximately \$0.7 million with the Company. Proceeds of the loans were used to purchase Shares in the Company. The loan balances are non-interest bearing for the first three years the loans are outstanding unless further extensions are approved by the board. An extension has been granted to Mr. Pernal and Mr. Hopkie related to their outstanding loan balances. After the interest waived period, the notes bear interest at the prime lending rate per annum established by the Company's bank, plus 1% interest. The loans are required to be repaid in full on the maturity date, being 10 years from the date of issuance. The loans are non-recourse, whereby the Company will forgive any amount of the loan that is greater than the fair market value of the shares at the time the loan is repaid. The Company holds the Shares purchased using proceeds from the loan as security.

Aggregate Indebtedness

<u>Purpose</u>	<u>To the Company or its Subsidiaries</u>
Share Purchases	\$628,177

Indebtedness of Directors and Executive Officers Under Securities Purchase and Other Programs

<u>Name and Principal Position</u>	<u>Involvement of Company</u>	<u>Largest Amount Outstanding During 2018 (\$)</u>	<u>Amount Outstanding at March 31, 2019</u>	<u>Financially Assisted Securities Purchases During 2018 (#)</u>	<u>Security for Indebtedness</u>	<u>Amount Forgiven During 2018 (\$)</u>
Andrew Pernal Chief Executive Officer & President	Lender	368,858	331,282	-	Shares	-
Michael Donovan Chief Financial Officer	Lender	83,678	65,793	-	Shares	-
Shane Hopkie Chief Operating Officer	Lender	248,987	231,102	-	Shares	-

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Company, any Shareholder who beneficially owns or controls or directs, directly or indirectly, more than 10% of the Shares of the Company, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, or executive officer of the Company or anyone who has held office as such since the beginning of the Company's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors.

CORPORATE GOVERNANCE DISCLOSURES

National Instrument 58-101, entitled "*Disclosure of Corporate Governance Practices*" ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purposes of electing directors, that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Company is that contained in form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**"). Set out below is a description of the Company's current corporate governance practices, prescribed by Form 58-101F1 Disclosure.

Board Mandate

The Board operates under a written mandate (the "**Board Charter**"), a copy of which is attached as Schedule "A" to the Circular.

Board of Directors and Independence

A director is considered to be independent of an issuer within the meaning of NI 58-101 if the director is free of any relationship with the issuer, which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of the director's independent judgment.

The following six (6) nominee directors of the Company are independent within the meaning of NI 58-101. Messrs. McNulty, Nodwell, Hruska, Alford, Matheson and Ms. Cawthorn are independent. Messrs. Pernal and Wood are not independent by virtue of serving as Chief Executive Officer and Executive Vice President, respectively, of the Company.

At the end of or during each meeting of the Board, the Board considers whether it is necessary to have a meeting of the independent directors to consider any matters arising from the meeting or otherwise and, if so, the members of management of the Company and the non-independent directors of the Company who are present at such meeting may be asked to leave the meeting in order for the independent directors to meet. In addition, other meetings of the independent directors may be held from time to time as determined appropriate. The Board

ensures open and candid discussion among its independent directors by continuously monitoring situations where a conflict of interest or perceived conflict of interest with respect to a director may exist.

The Chairman of the Board is Michael J. McNulty, who is an independent member of the Board. The Chairman provides overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit. The Chairman endeavors to fulfill his Board responsibilities in a manner that will ensure that the Board is able to function independently of management and considers, and allows for, when appropriate, meetings of independent directors so that the Board meetings can take place without management being present. The Chairman also endeavors to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Company in appropriate circumstances.

Attendance at Board and Committee Meetings

The following is a summary of attendance of the directors at meetings of the Board and its committees during the most recently completed financial year.

Name of Director ⁽¹⁾	Board	Audit	Governance	Human Resources	Attendance Rating
Robert J. A. Grandfield ⁽²⁾	13/13	N/A	N/A	6/6	100%
Andrew R. C. Pernal	13/13	N/A	N/A	N/A	100%
Michael J. McNulty ⁽³⁾	13/13	4/4	N/A	6/6	100%
Jack H. Nodwell	13/13	4/4	4/4	N/A	100%
Craig F. Hruska	13/13	N/A	4/4	6/6	100%
Thomas M. Alford	13/13	3/4	4/4	N/A	95%
Lyle A. Wood	13/13	N/A	N/A	N/A	100%
Kristi C. Cawthorn ⁽⁴⁾	1/1	N/A	N/A	1/1	100%

Notes:

- (1) The above table denotes that number of meetings attended while being a member of the respective Board and subcommittees.
- (2) For Mr. Grandfield the above table reflects meetings attended prior to the date of his resignation from the Board.
- (3) Mr. McNulty was appointed as Chairman of the Board effective December 5, 2018.
- (4) Ms. Cawthorn was appointed to the Board on November 20, 2018.

Directors that are Directors of Other Reporting Issuers

The following directors and nominees of the Company are also currently directors of other reporting issuers or their equivalent in a domestic or foreign jurisdiction:

Name of Director	Reporting Issuer
Thomas M. Alford	Wajax Corporation (TSX)
Lee Matheson	Echelon Financial Holdings Inc. (TSX) exactEarth Ltd. (TSX)

Position Descriptions

The Board Charter provides for the written position descriptions for the Chairman of the Board and the Chief Executive Officer. The Board has an Audit Committee, a Governance Committee and a Human Resources Committee. The Board has not developed written position descriptions of the Chairs of each Board Committee. The Board has, however, clearly delineated the role and responsibilities of each position through communications with each of the Chairs.

Orientation and Continuing Education

While the Company does not currently have a formal orientation and education program for new recruits to the Board, the Company has historically provided such orientation and education on an informal basis. As new directors have joined the Board management has provided these individuals with corporate policies, historical information about the Company and the industry, as well as information on corporate governance and an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Company's particular circumstances, including the size of the Company and experience and expertise of the members of the Board.

No formal continuing education program currently exists for the directors of the Company, however, the Company encourages directors to attend, enroll or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Company has the responsibility for ensuring that he or she maintains the skill and knowledge necessary to meet his or her obligations as a director.

Members of the Board are encouraged to communicate with management, legal counsel and, where applicable auditors and technical consultants of the Company; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Company has adopted a Board Code of Conduct, a copy of which is attached as Schedule "B" to this Circular, and an Employee Code of Conduct for directors, officers and employees (the "**Codes**"). The Codes are posted to the Company's website.

All new directors and employees are provided with a copy of the Codes and are made aware of the consequences of violation thereof. Annual reminder that compliance with the Codes is required will also be provided. In addition, all senior officers of the Company are required to affirm on an annual basis his or her agreement to abide by the Code, as to his or her ethical conduct and with respect to any conflicts of interest.

There have been no Material Change Reports filed since the beginning of the Company's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes departure from the Codes.

In addition to the Codes, the Board has also adopted a "Whistleblower Policy" wherein employees of the Company are provided with the mechanics by which they may raise concerns with respect to a possible violation of the Company's disclosure standards in a confidential, anonymous process. The Whistleblower Policy is posted to the Company's website.

Any conflicts of interest that arise respecting Board members are dealt with in accordance with the conflict of interest provisions of the ABCA, as supplemented by the conflict of interest procedures stated in the Company's Code and the Board Charter.

Nomination of Directors

The identification of new candidates for Board nomination where a vacancy exists on the Board or the Board has determined that it is in the best interests of the Company for additional members to be added to the Board, is the

responsibility of the Governance Committee. The Board has adopted a written charter setting forth the responsibilities, powers and operations of the Governance Committee, which include considering what competencies and skills the Board, as a whole, should possess, the appropriate size of the Board in order to facilitate effective decision making and assessing the same on a periodic basis, making recommendations to the Board with respect to filling vacancies, evaluating the performance of individual directors and making recommendations as to their further nomination, review proposed shareholder nominees and making recommendations to the Board regarding resignations of directors. The Governance Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Company's expense. The Governance Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the Governance Committee.

The members of the Governance Committee, which is responsible for nominating directors, are currently Messrs. Nodwell (Chair), Hruska and Alford. The Governance Committee is comprised solely of independent directors.

The Company has adopted a By-Law regarding advance notice of nominations of directors of the Company (the "**Advance Notice By-law**"). A copy of the Advance Notice By-law is available on SEDAR at www.sedar.com and on the Company's website. The purpose of the Advance Notice By-law is to provide Shareholders, the Board and management of the Company with a clear framework for director nominations to help ensure orderly business at Shareholder meetings. Among other things, the Advance Notice By-law fixes a deadline by which you must submit director nominations to the Company prior to any annual or special meeting of Shareholders. It also specifies the information that a nominating Shareholder must include in the notice to the Company in order for any director nominee to be eligible for election at any annual or special meeting of Shareholders. In the case of an annual meeting of Shareholders, notice to the Corporate Secretary of the Company must be made not less than thirty (30) days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth (10th) day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting was made.

The Governance Committee also serves as the nominating committee of the Company and carries out the functions with respect thereto as described above under "*Nomination of Directors*". In addition, the Governance Committee is responsible for developing the approach of the Company in matters concerning corporate governance.

Human Resources Committee

The members of the Human Resources Committee are currently Messrs. Hruska (Chair), McNulty, and Ms. Cawthorn. The Human Resources Committee is composed solely of independent directors. See "*Statement of Executive Compensation*" and "*Statement of Executive Compensation – Compensation Governance*" for further information regarding the mandate of the Human Resources Committee members, the relevant experience of its members and the process by which the Board determines compensation for the Company's directors and officers.

Assessments

The Governance Committee is responsible by its terms of reference to evaluate the effectiveness of the Board, committees and individual directors. The Governance Committee annually conducts a review of the effectiveness of the Board, its committees, individual directors, the existing policies and mandates and related corporate governance materials. The process comprises a discussion by the Governance Committee regarding the skill sets and effectiveness of the Board as a whole, as well as on an individual member basis, together with a review of additional skill sets or expertise that would potentially be beneficial for increasing the effectiveness of the Board further. From time to time, the Board considers the procedural or substantive changes to increase its effectiveness. The Governance Committee then makes recommendations to the Board as to whether any changes or additions should be made to the composition of the Board. The Board considers from time to time whether a more formal assessment process should be instituted given the size of the Company and the composition of the Board. This methodology has been both responsive and practical given the size of the Board.

The Board is also responsible for regularly assessing the effectiveness and contribution of the individual directors, having regard to the competencies and skills each director is expected to bring to the Board.

Director Term Limits and Other Mechanisms of Board Renewal

The Board of Strad has not adopted term limits for directors. The Board does not believe that fixed term limits are in the best interest of Strad. When proposing a slate of nominees for nomination as directors, the Governance Committee considers the term of service of individual directors, the average term of the Board as a whole and turnover of directors over prior years. Furthermore, the Governance Committee considers the benefits of regular renewal in the context of the needs of the Board at the time and the benefits of having a Board whose members are familiar with Strad and its business through past service.

Policies Regarding the Representation of Women on the Board

While the gender of nominee directors will be reviewed and considered as a factor in the selection of suitable candidates for election to the Board, as is noted below, the selection of director nominees is made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board at the time and not on the basis of their age, gender, race, ethnicity or religion.

While the Board of Strad has not adopted a formal written Board and/or management diversity policy as of yet, the Board of Strad, while recognizing the value of diversity in all forms, believes that director nominations should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board at the time. Strad is committed to the principle of selecting director nominees based on their abilities and merit and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve Strad's business objectives, without reference to their age, gender, race, ethnicity or religion, is in the best interests of Strad and its stakeholders.

The Governance Committee utilizes a "skills matrix" outlining the skills and experience it believes are required by the members of the Board. The Governance Committee also annually reviews the skills and experience of the current directors of Strad to assess whether the Board's skills and experience need to be strengthened in any area. In addition to considering the skills and experience of the Board, the Governance Committee also assesses the knowledge and character of all nominees to the Board to ensure general compliance with the skills matrix.

To assist in identifying qualified candidates for election to the Board, the Governance Committee is authorized under its charter to retain experts to assist them in "Board searches" for such qualified candidates.

Consideration of the Representation of Women in the Director Identification and Selection Process

While the gender of nominee directors will be reviewed and considered as a factor in the selection of suitable candidates for election to the Board, the selection of director nominees is made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board at the time and not on the basis of their age, gender, race, ethnicity or religion.

As noted above, the Governance Committee utilizes a "skills matrix" outlining the skills and experience it believes are required by the members of the Board. To the extent that the skills and experience of the Board needs to be strengthened in any area, the Board considers the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve Strad's business objectives, without reference to their age, gender, race, ethnicity or religion.

Consideration Given to the Representation of Women in Executive Officer Appointments

It is the belief of the Board that executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of management at the time. Strad is committed to the principle of hiring executive officers based on their abilities and merit and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve Strad's business objectives, without reference to their age, gender, race, ethnicity or religion, is in the best interests of Strad and its stakeholders.

Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

The Board recognizes the benefits of diversity within the Board and within management of Strad but will not compromise the principles outlined above by imposing quotas or targets.

Number of Women on the Board and in Executive Officer Positions

The Company currently has one woman represented on the Board (13% of the Board members). The Company does not currently have any women represented in executive officer positions.

OTHER MATTERS

The Company knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION AND AVAILABILITY OF FINANCIAL STATEMENTS

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information concerning the Company is provided in its financial statements for the year ended December 31, 2018 and the accompanying management's discussion and analysis, which can be accessed under the Company's profile on SEDAR at www.sedar.com.

Further information concerning the Audit Committee, including the text of the Audit Committee Charter, is included in the Annual Information Form of the Company for the year ended December 31, 2018, dated March 26, 2018. A copy of the Annual Information Form is available on SEDAR at www.sedar.com.

The Company will mail its annual and interim financial statements and accompanying management's discussion and analysis to any Shareholder who requests them by (i) sending the enclosed return card to the Company's agent, Computershare, 600, 530 – 8th Avenue SW, Calgary, Alberta, T2P 3S8, as directed, or (ii) contacting the Company at Suite 1200, 440 – 2nd Avenue SW, Calgary, Alberta, T2P 5E9, telephone (403) 232-6900.

AUDITORS OF THE COMPANY

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Calgary, Alberta. PricewaterhouseCoopers LLP were appointed auditors in 2006.

DIRECTORS' APPROVAL

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

SCHEDULE A

CHARTER OF THE BOARD OF DIRECTORS

MANDATE

The primary responsibility of the Board of Directors (the "**Board**") of Strad Energy Services Ltd. (the "**Corporation**") is to provide governance and stewardship to the Corporation. This Board Mandate includes, but is not limited to, the following:

- to determine the Corporation's Mission and Purpose;
- to select and appoint a Chief Executive Officer ("**CEO**") to whom responsibility for the administration of the organization is delegated, to review and evaluate the CEO's performance regularly on the basis of a specific job description, including executive relations with the Board, leadership in the organization, planning and implementation for the Corporation's products and services, and in management of the organization and its personnel;
- to provide support and administrative guidance to the CEO and the executive team;
- to ensure effective organizational structure and planning;
- to ensure adequate resources are available and that such resources are managed effectively;
- to account to the stockholders for the performance of the organization and expenditures of its funds;
- to provide for fiscal accountability, approve the budget, and formulate policies related to its business operations;
- to enhance the organization's public image;
- to serve as a Court of Appeal; and
- to assess its own performance.

The Board will carry out its mandate directly and through the following committees of the Board (and such other committees as it appoints from time to time): the Audit Committee, the Human Resource Committee, and the Governance Committee.

1. LEGAL REQUIREMENTS

The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for properly preparing, approving and maintaining documents and records. The Board has the statutory obligation to:

- (a) manage the business and affairs of the Corporation, in accordance with applicable laws;
- (b) act honestly and in good faith with a view to the best interests of the Corporation;
- (c) exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances; and
- (d) act in accordance with its obligations contained in the *Business Corporations Act* (Alberta) and the regulations thereunder, the Corporation's articles and by-laws and other relevant legislation and regulations.

2. APPOINTMENT AND SUPERVISION OF MANAGEMENT

The Board will:

- (a) Appoint the CEO and, upon recommendation of the CEO, appoint other senior officers which comprise the senior management team ("**SMT**"), provide them with advice and counsel and monitor the performance of the CEO against a set of mutually agreed corporate objectives directed at maximizing shareholder value and approve CEO compensation.
- (b) Establish a process to adequately provide for management succession.
- (c) Establish boundaries between the board and management responsibilities and establish limits of authority delegated to management.
- (d) Satisfy itself, to the extent feasible, as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the Corporation.
- (e) Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.

3. STRATEGIC PLANNING AND RISK MANAGEMENT

The Board will:

- (a) Maintain a strategic planning process and review and approve annually a corporate strategic plan and vision which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.
- (b) Review and approve management's strategic and operational plans to ensure they are consistent with the corporate vision.
- (c) Monitor the Corporation's performance against both short-term and long-term strategic plans and annual performance objectives.
- (d) Confirm that a management system is in place to identify the principal risks to the Corporation and its business and that appropriate procedures are in place to monitor and mitigate those risks.
- (e) Ensure that the Corporation achieves a proper balance between risks incurred and potential return to shareholders.
- (f) Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.
- (g) Confirm that processes are in place to comply with the corporation's by-laws, Codes of Conduct, all recognition orders and exemption orders issued with respect to the Corporation by applicable securities regulatory authorities, and all other significant policies and procedures.

4. FINANCIAL REPORTING AND MANAGEMENT

The Board will:

- (a) Approve the Corporation's financial statements and review and oversee the Corporation's compliance with applicable audit, accounting and financial reporting requirements.
- (b) Approve annual operating and capital budgets.
- (c) Approve capital commitments which result in expenditures in excess of the approved annual capital expenditure budget.
- (d) Confirm the integrity of the Corporation's internal control and management information systems, and review the effectiveness of internal control procedures annually.
- (e) Review operating and financial performance results relative to established strategy, budgets and objectives.
- (f) Confirm that the Corporation has a system in place for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (g) Approving significant changes in accounting practices or policies.

5. SHAREHOLDER COMMUNICATION

The Board will:

- (a) Confirm that management has established a system for effective corporate communications including processes for consistent, transparent, regular and timely public disclosure.
- (b) Approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Corporation's business information.
- (c) Report annually to shareholders on the Board's stewardship for the previous year.
- (d) Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Corporation has a system in place to receive feedback from shareholders.

6. CORPORATE GOVERNANCE

The Board will:

- (a) Establish an appropriate system of corporate governance including practices to permit the Board to function independently of management and non-independent directors.

- (b) Establish committees and approve their respective charters and the limits of authority delegated to each committee.
- (c) Determine Board member qualifications.
- (d) Establish appropriate processes for the regular evaluation of the effectiveness of the Board, its chair, and all the committees.
- (e) Approve the nomination of directors.
- (f) Review the adequacy and form of directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.
- (g) Establish attendance expectation for Board members in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all directors should attend all meetings of the board and each committee on which he or she sits, and review in advance all the applicable materials for such meetings.

7. CODES OF CONDUCT

The Board will:

- (a) Adopt a Board Code of Conduct and an Employee Code of Conduct (collectively, the "**Codes of Conduct**") and monitor compliance with those codes.
- (b) Approve any waivers and ensure disclosure of any waivers of the Codes of Conduct in the Corporation's annual report or management information circular.

8. MONITORING AND ACTING

The Board will:

- (a) Ensure that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards.
- (b) Approve and monitor compliance with the significant policies and procedures by which the Corporation is operated to the extent Board approval is required by applicable law or to the extent requested by management for review and approval.
- (c) Ensure that the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation.
- (d) Ensure that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace.
- (e) Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.

- (f) Take action when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant.

9. THE CHAIR OF THE BOARD

The Chair of the Board reports to the Board and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities and works with the CEO and SMT to ensure that the organization fulfills its responsibilities to stakeholders including shareholders, employees, customers, governments and the public.

The Chair of the Board will be a person other than the CEO.

The Chair of the Board will:

- (a) Provide effective leadership so that the Board can function independently of management by ensuring that the Board meets regularly without management and non-independent directors and that the Board may engage outside advisors as required subject to any approvals determined by the Board.
- (b) Preside at all meetings of the Board. In the absence of the chair, the members of the Board present at a meeting shall appoint one of those members to act as chair for that particular meeting.
- (c) Establish procedures to govern the Board's work including:
 - i. together with the corporate secretary, scheduling meetings of the Board and its committees;
 - ii. chairing all meetings of the Board;
 - iii. encouraging full participation, stimulating debate, facilitating consensus and ensuring clarity regarding decision-making;
 - iv. developing the agenda for Board meetings with input from the other Board members and management;
 - v. together with the corporate secretary, ensuring proper and timely information is delivered to the Board; and
 - vi. ensuring that the Board has appropriate administrative support; and addressing complaints, questions and concerns regarding Board matters.
- (d) Ensure the Board fully exercises its responsibilities and duties and complies with applicable governance and other policies.
- (e) Meet or communicate regularly with the CEO regarding corporate governance matters, corporate performance and feedback from Board members.
- (f) Act as a liaison between the Board and management.
- (g) Serve as advisor to the CEO and other officers.
- (h) Together with the Board's Governance Committee, establish appropriate committee structures, including the assignment of Board members and the appointment of committee chairs.

- (i) Ensure that adequate orientation and ongoing training programs are in place for Board members.
- (j) Together with the Board's Governance Committee, establish performance criteria for the Board and for individual Board members and co-ordinate the evaluation of performance and reporting against these criteria.
- (k) Work with the Board or appropriate Board committee to establish performance criteria for the CEO and to facilitate the evaluation of the CEO's performance.
- (l) Work with the Board's Governance Committee to establish and manage a succession program for the CEO's position.
- (m) Oversee matters relating to shareholder relations and chair meetings of the shareholders.
- (n) Work with the CEO to represent the Corporation to external stakeholders including shareholders, the investment community, governments and communities.

The Chair of the Board's performance will be measured against the following key metrics:

- i. The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.
- ii. The extent to which the Corporation carries out its responsibilities to shareholders, employees, customers, governments, and the public.
- iii. The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

10. THE CHIEF EXECUTIVE OFFICER

The CEO is accountable to the Board for achieving corporate goals and objectives within specified limitations and in accordance with the CEO's performance objectives determined annually by the Board.

The CEO will:

- (a) Provide vision and leadership for the Corporation.
- (b) Develop and recommend corporate strategies, and business and financial plans for the approval of the Board.
- (c) Execute the corporate strategy to achieve profitable growth and maximize shareholder value for the Corporation's shareholders.
- (d) Manage the business operations in accordance with the strategic direction approved by the Board and within operational policies as determined by the Board.
- (e) Challenge management to set and achieve viable annual and long-term strategic and financial goals.

- (f) Monitor the performance of management against a set of initially agreed corporate objectives directed at maximizing shareholder value.
- (g) Recommend appropriate rewards and incentives for management.
- (h) Report information from management to the Board in a manner and time so that the Board may effectively monitor and evaluate corporate (operational and financial) performance against stated objectives and within executive limitations.
- (i) Report to the board on relevant trends, anticipated media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board decision or approval has previously been made.
- (j) Advise the Board if, in the CEO's opinion, the Board is not in compliance with its own policies, or legal and/or regulatory requirements.
- (k) Provide the Board with all information and access that the Board may require in order to make fully-informed decisions.
- (l) Report in a timely manner any actual or anticipated non-compliance with any Board approved policy or decision.

11. ADMINISTRATIVE MATTERS

- (a) The quorum for meetings of the Board shall be a majority. Business may be transacted by the Board at a meeting of its members at which a quorum is present or by a resolution in writing signed by all the members of the Board.
- (b) Members of the Board shall be elected annually by the shareholders.
- (c) The Board may invite such officers and employees of the Corporation and other persons as it may see fit from time to time to attend at meetings of the Board and to assist thereat in the discussion of the matters being considered by the Board.
- (d) The Board shall determine the time and place at which the meetings of the Board shall be held and the procedure for calling and conducting business at such meetings, having regard to the by-laws of the Corporation.
- (e) The members of the Board shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its subsidiaries, and to discuss such books and records as are in any way related to the corporate governance of the Corporation with the officers and employees of the Corporation and its subsidiaries.
- (f) Minutes of Board meetings shall be recorded and maintained, and shall be circulated to the directors and shall be made available at the next meeting of the Board.
- (g) The Board shall annually assess the adequacy of its Charter.

(h) The Board shall have the authority to:

- i. to engage independent counsel and other advisers that it determines to be necessary to permit it to carry out its duties; and
- ii. to set and pay the compensation for any advisers engaged by the Board.

SCHEDULE B

BOARD CODE OF CONDUCT

1. GUIDING PRINCIPLES

The Corporation's essential objective is to uphold ethical standards in all of its corporate activities. The purpose of the Board Code of Conduct ("**Board Code**") is to foster a climate of honest, truthfulness and integrity. No code, however, can replace the thoughtful behaviour of an ethical director.

The Corporation's Governance Committee is responsible for setting the standards of business conduct contained in the Board Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the Corporation, the business practices within the Corporation's industry, the Corporation's own business practices, and the prevailing ethical standards of the communities in which the Corporation operates. While the Corporation's Governance Committee will oversee and monitor compliance with the Board Code, it is the individual responsibility of each director of the Corporation to comply with the Board Code.

2. OBLIGATIONS

Every director of the Corporation in exercising his or her powers and in discharging his or her duties shall:

- comply with all applicable laws, rules and regulations in all matters in accordance with the provisions of the *Business Corporations Act* (Alberta) and the common law;
- act honestly and in good faith with a view to the best interest of the Corporation;
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- exercise his or her director's powers for the purpose for which they were intended;
- ensure that the director's personal interest and his or her duty to the Corporation are not brought into conflict; and
- ensure that the director does not obtain or receive, directly or indirectly, a personal profit, gain or benefit as a result of his or her relationship with the Corporation, other than compensation paid to such director by the Corporation.

Every director shall endeavor to deal fairly with the Corporation's security holders, customers, suppliers, competitors and employees. No director shall take unfair advantage of any such person through manipulation, concealment, abuse of privileged information, misrepresentation of facts of any other unfair or unlawful dealing practice.

Every director has a duty to preserve and protect confidential information of the Corporation and its subsidiaries. This duty of confidentiality continues even after the director no longer serves on the board of the Corporation. Confidential information of the Corporation and its subsidiaries includes all information about the Corporation's and its subsidiaries business, including marketing plans,

agreements, customer lists, databases, trade secrets, intellectual property as well as information about competitive and strategic matters, and undisclosed materials information.

Directors must take all reasonable steps to protect confidential information, including the following:

- controlling access to confidential information;
- discussing confidential information with others only in the necessary course of business (and then with due care);
- not discussing confidential information in public places, such as airplanes, elevators and restaurants;
- keeping documents containing confidential information secure so they cannot be lost, stolen or viewed by individuals without a need to know, and taking steps to secure sensitive information when it is unattended;
- safeguarding documents being taken away from the Corporation's premises;
- determining whether documents containing confidential information should be shredded or otherwise destroyed prior to disposal; and
- not sharing confidential information about the Corporation with companies they are, or may be, seeking to provide products or services to the Corporation, except as required in a bidding process after authorization from the Corporation.

In discharging the general duty of undivided loyalty to the Corporation every director who is:

- a party to a material contract or transaction or proposed material contract or transaction with the Corporation;
- a director or officer of any entity who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or
- a person who has a material interest in any entity which is a party to a material contract or transaction or proposed material contract or transaction with the Corporation,

shall disclose the nature and extent of his or her interest in writing to the Corporation, or request to have that interest entered in the minutes of the meeting of directors at which the contract or transaction is first considered. In addition, such director shall retire from the meeting, if required by the Board of Directors, while the discussion on the material contract or transaction or proposed material contract under consideration, but this shall not prevent the Board of Directors from calling him or her into the meeting to answer any questions regarding the matter under discussion nor shall it release the director from his or her obligation to inform the Board of Directors of what he or she knows of the situation and of any concerns.

However, because it may be impractical for a director or officer who serves as a director or officer of another entity or who has a material interest in another entity to know that the entity is entering into a material contract or transaction with the Corporation (and therefore to give notice of every such

material contract or transaction), it is sufficient for the director to deliver a general notice to the directors of the Corporation, declaring that he or she is a director or officer or has a material interest in an entity and is to be regarded as interested in any material contract or transaction made with the entity.

Every director of the Corporation shall comply in all respects with the Corporation's Corporate Policies, as developed, and as same may be amended, updated or replaced from time to time.

3. WAIVERS

Any waiver from compliance with any of the terms of the Board Code shall require the prior approval of the Corporation's Governance Committee and shall be disclosed in the Corporation's next quarterly report.

4. VIOLATIONS

Every director shall report, in person or in writing, any known or suspected violation of the Board Code or the Policy, including illegal or unethical behavior, to the Corporation's Governance Committee. The Corporation shall not allow any retaliation against a director who acts in good faith in reporting any such violations.

The Corporation's Governance Committee shall cause an investigation of any reported violations and shall oversee an appropriate response, including corrective action and preventative measures. Any director who violates the Board Code shall face appropriate, case specific, disciplinary action.

5. AFFIRMATION

Every director is expected to read and become familiar with the Board Code and the Corporation's Corporate Policies and may be required, from time to time, to affirm in writing his or her compliance with the Board Code and Corporate Policies.