
HEMISPHERE GPS INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

and

INFORMATION CIRCULAR – PROXY STATEMENT

WITH RESPECT TO THE

**ANNUAL GENERAL AND SPECIAL MEETING OF
SHAREHOLDERS**

TO BE HELD MAY 15, 2013

HEMISPHERE GPS INC.
NOTICE OF
ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that an Annual General and Special Meeting (the "**Meeting**") of the shareholders of Hemisphere GPS Inc. (the "**Corporation**" or "**Hemisphere GPS**") will be held at the offices of Hemisphere GPS at Suite 130, 8444 N. 90th Street, Scottsdale, Arizona, USA on May 15, 2013 at 3:00p.m. MST for the following purposes:

1. To receive and consider the financial statements of the Corporation, together with the report of the auditors thereon, for the year ended December 31, 2012;
2. To fix the number of directors to be elected at the Meeting at six (6);
3. To elect six (6) directors for the ensuing year;
4. To approve all unallocated share options under Hemisphere GPS' Share Option Plan;
5. To re-approve the Shareholder Protection Rights Plan of the Corporation;
6. To amend the articles of the Corporation to change the name of the Corporation from "Hemisphere GPS Inc." to "AgJunction Inc.";
7. To amend the "Other Provisions" contained in Schedule "D" to the articles of the Corporation to allow the Corporation to hold meetings of shareholders at any place within or outside of the Province of Alberta;
8. To confirm the new bylaws adopted by the Board of Directors of the Corporation;
9. To appoint auditors for the ensuing year and to authorize the Board of Directors to fix their remuneration as such; and
10. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular - Proxy Statement accompanying and forming part of this Notice of Annual General and Special Meeting.

The Board of Directors of the Corporation have fixed a record date for the purpose of determining the shareholders entitled to receive notice of and vote at the Meeting. Each person who is a holder of common shares of record at the close of business on April 2, 2013 (the "**Record Date**") will be entitled to notice of, and to attend and vote at, the Meeting except, to the extent that such a shareholder transfers the ownership of any of his/her shares after the Record Date and the transferee of those shares establishes that he/she owns such shares and demands, not later than ten days (10) before the Meeting, that his/her name be included in the list of shareholders entitled to vote at the Meeting, such transferee will be entitled to vote such shares at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the enclosed Instrument of Proxy for use at the Meeting or any adjournment thereof. To be effective, the Instrument of Proxy must be received by the Corporation c/o Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (ii) by hand delivery to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by telephone to 1-866-732-8683 for North American callers or to 1-312-588-4290 for callers outside of North America; or (iv) through the internet at www.investorvote.com, not less than 48 hours (excluding Saturdays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. If you vote through the internet you will require your 15-digit control number found on the enclosed Instrument of Proxy.

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 by an officer or attorney thereof duly authorized. **The persons named in the enclosed Instrument of Proxy are officers and directors of the Corporation. Each shareholder has the right to appoint a person or persons, who need not be shareholders of the Corporation, other than the persons designated in the Instrument of Proxy furnished by the Corporation, to attend and act on such shareholder's behalf at the Meeting. To exercise such right, the names of management's nominees may be crossed out and the name(s) of the shareholder's nominee(s) legibly printed in the blank space provided.**

In the event of a strike, lockout or other work stoppage involving postal employees, Instruments of Proxy should be delivered to Computershare Trust Company of Canada as registrar and transfer agent of Hemisphere GPS by either facsimile to 1-866-249-7775, hand delivery or courier.

DATED at Calgary, Alberta, this 2nd day of April, 2013

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Michael Lang*"

Michael Lang

Chairman of the Board

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular.

"**Board**" or "**Board of Directors**" means the board of directors of Hemisphere GPS as presently constituted;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday when banks are generally open for the transaction of banking business;

"**Common Shares**" means the common shares of Hemisphere GPS, as presently constituted;

"**Corporation**" or "**Hemisphere GPS**" means Hemisphere GPS Inc., a corporation incorporated pursuant to the laws of the Province of Alberta;

"**Director**" means a director of the Corporation;

"**Information Circular**" means this information circular – proxy statement dated April 2, 2013 in respect of the Meeting;

"**Meeting**" means the Annual General and Special Meeting of the shareholders of Hemisphere GPS to be held on May 15, 2013;

"**Record Date**" means the record date for the Meeting, being April 2, 2013;

"**Share Option Plan**" or the "**Plan**" means the share option plan of the Corporation, as amended; and

"**TSX**" means the Toronto Stock Exchange.

HEMISPHERE GPS INC.**INFORMATION CIRCULAR - PROXY STATEMENT
dated April 2, 2013****Annual General and Special Meeting of Shareholders
to be held on May 15, 2013****PART I - INTRODUCTION**

This Information Circular - Proxy Statement (the "Information Circular") is furnished in connection with the solicitation of proxies by the management of Hemisphere GPS Inc. (the "Corporation" or "Hemisphere GPS") for use at the Annual General and Special Meeting of Shareholders of the Corporation (the "Meeting") to be held at the offices of Hemisphere GPS at Suite 130, 8444 N. 90th Street, Scottsdale, Arizona, USA on May 15, 2013 at 3:00 p.m. MST and at any adjournment thereof, and on every ballot that may take place in consequence thereof, for the purposes set forth in the Notice of Annual General and Special Meeting of Shareholders.

Unless otherwise stated, the information contained in this Information Circular is given as at April 2, 2013.

No person has been authorized by Hemisphere GPS to give any information or make any representations in connection with the transactions herein described other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by Hemisphere GPS.

PART II - GENERAL PROXY INFORMATION**Solicitation of Proxies**

The Board of Directors has fixed the record date for the Meeting at the close of business on April 2, 2013 (the "**Record Date**"). Only holders of Common Shares of record as at that date are entitled to notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers Common Shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he owns such Common Shares, demands, not later than ten (10) days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

Appointment of Proxies

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the enclosed Instrument of Proxy for use at the Meeting or any adjournment thereof. To be effective, the Instrument of Proxy must be received by the Corporation c/o Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (ii) by hand delivery to Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by telephone to 1-866-732-8683 for North American callers or to 1-312-588-4290 for callers outside of North America; or (iv) through the internet at www.investorvote.com, not less than 48 hours (excluding Saturdays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. If you vote through the internet you will require your 15-digit control number found on the enclosed Instrument of Proxy.

Instruments of Proxy must be in writing and must be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as executors, administrators, trustees, etc. should so indicate and give their full title as such.

The persons named in the enclosed Instrument of Proxy are officers and Directors of the Corporation. Each shareholder has the right to appoint a person or persons, who need not be shareholders of the Corporation, other than the persons designated in the Instrument of Proxy furnished by the Corporation, to attend and act on such shareholder's behalf at the Meeting. To exercise such right, the names of management's nominees may be crossed out and the name(s) of the shareholder's nominee(s) legibly printed in the blank space provided, or another appropriate instrument of proxy may be submitted.

In the event of a strike, lockout or other work stoppage involving postal employees, Instruments of Proxy should be delivered to Computershare Trust Company of Canada as registrar and transfer agent of Hemisphere GPS by either facsimile to 1-866-249-7775, hand delivery or courier.

Revocability of Proxy

An Instrument of Proxy may be revoked at any time prior to the exercise thereof. If a person who has given an Instrument of Proxy attends personally at the Meeting at which such Instrument of Proxy is to be voted, such person may revoke the Instrument of Proxy and vote in person. In addition to revocation in any other manner permitted by law, a shareholder may revoke an Instrument of Proxy by depositing an instrument in writing executed by the shareholder or by its attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the registered office of the Corporation, 4110 - 9th Street S.E., Calgary, Alberta, T2G 3C4, at any time up to and including the last Business Day before the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the Instrument of Proxy is revoked.

Persons Making the Solicitation

This solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Instrument of Proxy, the Notice of Annual General and Special Meeting of Shareholders and this Information Circular will be borne by the Corporation. In addition to the use of mail, Instruments of Proxy may be solicited by personal interviews, telephone or other means of communication by Directors, officers and employees of the Corporation, none of whom will be specifically remunerated therefor.

Exercise of Discretion

The Common Shares represented by the Instrument of Proxy furnished by the Corporation, where the shareholder specifies a choice with respect to any matter to be acted upon, will be voted or withheld from voting on any ballot in accordance with the specification so made. **In the absence of such specification, such Common Shares will be voted in favour of the matters described in the Notice of Annual General and Special Meeting of Shareholders. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of the printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter.**

Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to many public shareholders of Hemisphere GPS, as a substantial number of the public shareholders of Hemisphere GPS do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of Hemisphere GPS as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of Hemisphere GPS. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common 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, brokers/nominees are prohibited from voting Common Shares for their clients. The Directors and officers of Hemisphere GPS do not know for whose benefit the Common 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 the Meeting. 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 Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). **If you receive a voting instruction form from Broadridge or another intermediary it cannot be used as a proxy to vote Common Shares directly at the Meeting as the proxy must be returned (or otherwise reported as provided in the voting instruction form) as described in the voting instruction form well in advance of the Meeting in order to have the Common Shares voted.**

Although Beneficial Holders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of the shareholder's broker or other intermediary, a Beneficial Holder may attend at the Meeting as a proxyholder and vote their Common Shares in that capacity. If a Beneficial Holder wishes to attend the Meeting and vote their Common Shares, it must do so as proxyholder for the registered holder of the Common Shares. To do this, a Beneficial Holder should enter their name in the blank space on the applicable form of proxy or voting instruction form provided to them and return the document to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

The Corporation is not using "notice-and-access" to send its proxy-related materials to shareholders, and paper copies of such materials will be sent to all shareholders. The Corporation will not send proxy-related materials directly to non-objecting Beneficial Shareholders and such materials will be delivered to non-objecting Beneficial Shareholders by Broadridge or through the non-objecting Beneficial Shareholder's intermediary. The Corporation intends to pay for the costs of an intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials.

PART III - MATTERS TO BE ACTED UPON AT THE MEETING

Receipt of the Financial Statements and Auditors' Report

At the Meeting, shareholders will receive and consider the financial statements of the Corporation for the year ended December 31, 2012 and the Auditors' Report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

Majority Voting for Directors

The Board has adopted a policy stipulating that if the "WITHHOLD" votes in respect of the election of a Director nominee at the Meeting represent more than the "FOR" votes, the nominee will submit his resignation within 90 days of the Meeting, for the Board's consideration. The Board will consider such resignation and after reviewing the matter will determine, having regard to all matters it deems relevant, whether to accept such resignation or not. The Board's decision to accept or reject the resignation will be disclosed to the public within 90 days of the Meeting. The nominee will not participate in any Board deliberations on the resignation. The policy does not apply in circumstances involving contested Director elections.

Fix the Number of Directors to be Elected at the Meeting

The Articles of the Corporation specify that the Board of Directors shall consist of a minimum of three and a maximum of eleven Directors. At the Meeting, it is proposed that the number of Directors of the Corporation to be elected at the Meeting be set at six (6), as may be adjusted between shareholders' meetings by way of resolution of the Board. Accordingly, unless otherwise directed, it is the intention of Management to vote Instrument of Proxy in the accompanying form in favour of fixing the number of Directors of the Corporation to be elected at the Meeting at six (6).

Election of Directors

At the Meeting, shareholders will be asked to vote "FOR" or "WITHHOLD" on the proposed Directors set forth below to hold office until the next annual meeting or until their successors are elected or appointed

Unless otherwise directed, it is the intention of management to vote Instruments of Proxy in the accompanying form in favour of electing as Directors the six (6) nominees hereinafter set forth:

Mark W. Anderson	Barry D. Batcheller
Paul G. Cataford	Richard W. Heiniger
Michael J. Lang	John M. Tye III

The names, province and country of residence of the persons nominated for election as Directors, the number of Common Shares beneficially owned or controlled or directed, directly or indirectly, the offices held by each in the Corporation, the period served as Director and the principal occupation of each are as follows:

<u>Name, Province/State and Country of Residence and Position with the Corporation</u>	<u>Principal Occupation During the Last Five Years</u>	<u>Director Since</u>	<u>Number of Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly</u>
Michael J. Lang ⁽¹⁾ Alberta, Canada Non-Executive Chairman and Director	Chairman of StoneBridge Merchant Capital Corp. (a private investment company).	1996	534,505 ⁽⁴⁾ (0.77%)
Paul G. Cataford ⁽¹⁾⁽³⁾ Alberta, Canada Director and Chairman of the Audit Committee	President and CEO of Zephyr Sleep Technologies Inc. since September 2010. Prior thereto, President and CEO of University Technologies International Inc. from April 2004 until April 2009.	2004	8,810 ⁽⁵⁾ (0.01%)

Name, Province/State and Country of Residence and Position with the Corporation	Principal Occupation During the Last Five Years	Director Since	Number of Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly
Richard W. Heiniger Kansas, USA President, Chief Executive Officer and a Director	President and Chief Executive Officer of the Corporation since September 5, 2012. Prior thereto, Chief Executive Officer of RHS, Inc. (a private manufacturer of farm equipment).	2005	4,355,028 ⁽⁶⁾ (6.30%)
John M. Tye III ^{(1) (3)} Texas, USA Director and Chairman of the Corporate Governance Committee	President and Chief Executive Officer of Learwood Capital Inc. (a private investment company). Prior thereto, Chairman of Bigham Brothers Inc. (a private manufacturer of farm equipment) from 1986 to December 2012.	2006	140,800 ⁽⁷⁾ (0.20%)
Barry D. Batcheller ⁽²⁾ North Dakota, USA Director and Chairman of the Compensation Committee ⁽¹¹⁾	President and CEO of Appareo Systems (a private manufacturer of augmented reality systems) since 2005.	2006	15,001 ⁽⁸⁾ (0.02%)
Mark W. Anderson ⁽²⁾ Pennsylvania, USA, Director	President and CEO of GVM, Inc. (a private manufacturer of self-propelled spreaders and sprayers and related equipment) since 1989.	2012	8,206,115 ⁽⁹⁾ (11.86%)

Notes:

- (1) Member of the Corporation's Audit Committee.
- (2) Member of the Corporation's Compensation Committee
- (3) Member of the Corporation's Corporate Governance Committee
- (4) Excludes share options to purchase an aggregate of 75,000 Common Shares at prices ranging from \$0.62 to \$1.31 per Common Share.
- (5) Excludes share options to purchase an aggregate of 75,000 Common Shares at prices ranging from \$0.62 to \$1.31 per Common Share.
- (6) 3,315,028 Common Shares are registered to RHS, Inc., a company controlled by Mr. Heiniger and 200,000 common shares are registered in the name of Mr. Heiniger's spouse. The total number of Common Shares excludes share options to purchase an aggregate of 660,000 Common Shares at prices ranging from \$0.62 to \$1.31 per Common Share.
- (7) Excludes share options to purchase an aggregate of 75,000 Common Shares at prices ranging from \$0.62 to \$3.11 per Common Share.
- (8) Excludes share options to purchase an aggregate of 75,000 Common Shares at prices ranging from \$0.62 to \$3.11 per Common Share.
- (9) 8,171,115 Common Shares are registered in the name of GVM, Inc., a company controlled by Mr. Anderson. The total number of Common Shares excludes share options to purchase an aggregate of 15,000 Common Shares at a price of \$0.72 per Common Share.
- (10) All of the Corporation's Directors have been appointed to hold office until the next annual general meeting of shareholders or until their successor is duly elected or appointed in accordance with the *Business Corporations Act* (Alberta), unless their office is earlier vacated.

The information as to principal occupation and as to Common Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information provided by the nominees as of April 2, 2013. Each of the above nominees are currently Directors of the Corporation and were elected at the last annual general meeting of shareholders.

As at April 2, 2013, the Directors and executive officers of the Corporation, as a group, beneficially owned or controlled or directed, directly or indirectly, an aggregate of 13,260,259 Common Shares, being approximately 19.17% of the outstanding Common Shares.

No proposed Director is as at the date hereof, or has been, within 10 years of the date hereof, a director, chief financial officer or chief executive officer of any company, including the Corporation, that:

- (a) while the proposed Director was acting in such capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) was subject to an event that occurred while the proposed Director was acting in such capacity which resulted, after the proposed Director ceased to be a director, chief financial officer or chief executive officer, in the company being the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

In addition, no proposed director is as at the date hereof, or has been, within 10 years of the date hereof:

- (a) a director or executive officer of any company, including the Corporation, that while the proposed Director was acting in that capacity or within a year of that person ceasing to act in that capacity made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director.

Further, no proposed Director of the Corporation has been subject to: (i) 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 (ii) 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.

Approval of Unallocated Options

Section 613(a) of the Toronto Stock Exchange Company Manual provides that every three (3) years after the institution of a security based compensation arrangement all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders.

As the Corporation's Share Option Plan is considered to be a security based compensation arrangement and as the maximum number of Common Shares issuable pursuant to the Share Option Plan is not a fixed number and instead is equal to 10% of the outstanding Common Shares, approval will be sought at the Meeting to approve the grant of unallocated share options under the Share Option Plan. When share options have been granted pursuant to the Share Option Plan, Common Shares that are reserved for issuance under an outstanding share options are referred to as allocated share options. We have additional Common Shares that may be issued under the Share Option Plan, but as they are not subject to current share option grants, they are referred to as unallocated share options.

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated share options under the Share Option Plan until May 15, 2016. If approval is not obtained at the Meeting, share options which have not been allocated as of May 15, 2013 and share options which are outstanding as of May 15, 2013 and which are subsequently cancelled, terminated or exercised will not be available for a new grant of share options under the Share Option Plan. Previously allocated share options will continue to be unaffected by the approval or disapproval of the resolution. In addition, if approval is not obtained, the Board will consider other long term incentives for its directors, officers and employees, including, but not limited to, cash payments to compensate for the Share Option Plan no longer being available for new grants of share options.

Accordingly, at the Meeting, the following ordinary resolution will be presented:

"BE IT RESOLVED, as an ordinary resolution of the shareholders of the Corporation, that:

1. the Share Option Plan, as described under the heading "*Executive Compensation – Compensation Discussion and Analysis - Compensation Elements - Equity Incentive Compensation – Share Option Plan*" in the information circular relating to this Meeting is hereby ratified, confirmed and approved;
2. all unallocated share options issuable pursuant to the Share Option Plan are approved and authorized until May 15, 2016;
3. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions; and
4. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

The above resolution must be approved by a simple majority of votes cast by shareholders who vote in person or by proxy at the Meeting in respect of this resolution. It is the intention of management to vote proxies "FOR" approval of the ordinary resolution above, unless otherwise directed.

Re-Approval of the Shareholder Rights Plan

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to re-approve the Corporation's shareholder rights plan (the "**Rights Plan**") pursuant to the terms of a Shareholder Rights Plan Agreement entered into between Hemisphere GPS and Computershare Trust Company of Canada, as rights agent on March 19, 2010, a copy of which is available on Hemisphere GPS' SEDAR profile at www.sedar.com. The Rights Plan was originally approved by shareholders on May 18, 2010.

Objectives of the Rights Plan

The fundamental objectives of the Rights Plan are to provide adequate time for Hemisphere GPS's Board and shareholders to assess an unsolicited take-over bid for Hemisphere GPS, to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid.

The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a "**Permitted Bid**" (described below), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board of Hemisphere GPS. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that holders of Common Shares, other than the acquiror, will be able to purchase additional Common Shares at a significant discount to market, thus exposing the person acquiring Common Shares to substantial dilution of its holdings.

In adopting the Rights Plan, the Board considered the existing legislative framework governing take-over bids in Canada. The Board believes such legislation currently does not provide sufficient time to permit shareholders to consider a take-over bid and make a reasoned and unhurried decision with respect to a take-over bid or give the Board sufficient time to develop alternatives for maximizing shareholder value. Shareholders also may feel compelled to tender to a take-over bid even if the shareholder considers such bid to be inadequate out of a concern that failing to tender may result in a shareholder being left with illiquid or minority-discounted Common Shares in Hemisphere GPS. This is particularly so in the case of a partial bid for less than all the Common Shares of Hemisphere GPS where the bidder wishes to obtain a control position but does not wish to acquire all of the Common Shares. Finally, while existing securities legislation has addressed many concerns related to unequal

treatment of securityholders, there remains the possibility that control of an issuer may be acquired pursuant to private agreements in which a small group of securityholders disposes of securities at a premium to market price, which premium is not shared with the other securityholders.

It is not the intention of the Board in recommending the re-approval of the Rights Plan to either secure the continuance of the Board or management of Hemisphere GPS or to preclude a take-over bid for control of Hemisphere GPS. The Rights Plan provides that shareholders could tender to take-over bids as long as they meet the Permitted Bid criteria. Furthermore, even in the context of a take-over bid that does not meet the Permitted Bid criteria, the Board are always bound by their fiduciary duty to consider any take-over bid for Hemisphere GPS and consider whether or not they should waive the application of the Rights Plan in respect of such bid. In discharging such responsibility, the Board will be obligated to act honestly and in good faith and in the best interests of Hemisphere GPS and its stakeholders.

A number of decisions rendered by the Canadian securities regulators relating to Rights Plans have concluded that a board faced with an unsolicited take-over bid will not be permitted to maintain a Rights Plan indefinitely to prevent the successful completion of the bid, but only for so long as the board is actively seeking alternatives to the bid and there is a reasonable possibility that, given additional time, a value maximizing alternative will be developed. Hemisphere GPS's Rights Plan does not preclude any shareholder from utilizing the proxy rules to promote a change in the management or direction of Hemisphere GPS, and will have no effect on the rights of holders of Hemisphere GPS's Common Shares to requisition a meeting of shareholders in accordance with applicable rules.

In recent years, unsolicited bids have been made for a number of Canadian public companies, many of which had a Rights Plan. The Board believe this demonstrates that the existence of a Rights Plan does not prevent the making of an unsolicited bid. Further, in a number of these cases, a change of control ultimately occurred at a price in excess of the original bid price. There can be no assurance, however, that Hemisphere GPS's Rights Plan would serve to bring about a similar result.

The Rights Plan does not interfere with the day-to-day operations of Hemisphere GPS. The continuation of the existing outstanding Rights and the issuance of additional Rights in the future will not in any way alter the financial condition of Hemisphere GPS, impede its business plans, or alter its financial statements. In addition, the Rights Plan is initially not dilutive. However, if a "**Flip-in Event**" (described below) occurs and the Rights separate from the Common Shares as described below, reported earnings per Common Share and reported cash flow per Common Share on a fully-diluted or non-diluted basis may be affected. In addition, holders of Rights not exercising their Rights after a Flip-in Event may suffer substantial dilution.

Summary of the Rights Plan

The following is a summary of the principal terms of the Rights Plan, which summary is qualified by and is subject to the full terms and conditions of the Rights Plan. A copy of the Rights Plan is available on Hemisphere GPS' SEDAR profile at www.sedar.com. Except as otherwise defined herein, capitalized terms used herein have the meanings ascribed thereto in the Rights Plan.

Issue of Rights

One right ("**Right**") has been issued and is attached to each outstanding Common Share of Hemisphere GPS or any other securities or voting interests of Hemisphere GPS entitled to vote generally in the election of Board (collectively, "**Shares**"). One Right will also be issued and attach to each Share issued hereafter, subject to the limitations set forth in the Rights Plan.

Acquiring Person

An Acquiring Person is a person that beneficially owns 20% or more of the outstanding Shares. An Acquiring Person does not, however, include Hemisphere GPS or any Subsidiary of Hemisphere GPS, or any person that becomes the Beneficial Owner of 20% or more of the Shares as a result of certain exempt transactions. These

exempt transactions include where any person becomes the Beneficial Owner of 20% or more of the Shares as a result of, among other things: (i) specified acquisitions of securities of Hemisphere GPS (including acquisitions upon the exercise, conversion or exchange of securities convertible, exercisable or exchangeable into Shares); (ii) acquisitions pursuant to a Permitted Bid (as described below); (iii) specified distributions of securities of Hemisphere GPS; (iv) certain other specified exempt acquisitions; and (v) transactions to which the application of the Rights Plan has been waived by the Board.

Also excluded from the definition of Acquiring Person is a person (a "**Grandfathered Person**") who is the Beneficial Owner of 20% or more of the outstanding Shares on the date of implementation of the Rights Plan; provided further, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the date of implementation of the Rights Plan, become the Beneficial Owner of more than 1.0% of the number of Shares then outstanding in addition to those Shares already held by such person, other than through: (i) specified acquisitions of securities of Hemisphere GPS (including acquisitions upon the exercise, conversion or exchange of securities convertible, exercisable or exchangeable into Shares); (ii) acquisitions pursuant to a Permitted Bid (as described below); (iii) specified distributions of securities of Hemisphere GPS; (iv) certain other specified exempt acquisitions; and (v) transactions to which the application of the Rights Plan has been waived by the Board.

A Beneficial Owner includes an owner of securities entitling the owner to become an owner of a Share, including conversion or exchange rights or rights to purchase.

Rights Exercise Privilege

The Rights will separate from the Shares to which they are attached and will become exercisable at the close of business (the "**Separation Time**") on the tenth Trading Day (as defined in the Rights Plan) after the earliest of: (i) the first date of public announcement that a person and/or others associated, affiliated or otherwise connected to such person, or acting in concert with such person, have become an Acquiring Person; (ii) the date of commencement of, or first public announcement of the intent of any person to commence, a take-over bid, other than a Permitted Bid or a Competing Permitted Bid; and (iii) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be such, or such later date as the Board may determine in good faith. Subject to adjustment as provided in the Rights Plan, each Right will entitle the holder to purchase one Common Share for an exercise price (the "**Exercise Price**") equal to \$50.

A transaction in which a person becomes an Acquiring Person is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by Hemisphere GPS or an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. After the close of business on the tenth business day after the first public announcement of the occurrence of a Flip-in Event, the Rights (other than those held by the Acquiring Person) will entitle the holder to purchase, for the Exercise Price, that number of Shares having an aggregate market price (based on the prevailing market price at the time of the consummation or occurrence of the Flip-in Event) equal to twice the Exercise Price.

Impact Once Rights Plan is Triggered

Upon a Flip-in Event occurring and the Rights separating from the attached Shares, reported earnings per Share on a fully diluted or nondiluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

By permitting holders of Rights other than an Acquiring Person to acquire Shares at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the voting securities of Hemisphere GPS other than by way of a Permitted Bid or other than in circumstances where the Rights are redeemed or the Board waive the application of the Rights Plan.

Certificates and Transferability

Before the Separation Time, certificates for Shares will also evidence one Right for each Share represented by the certificate. Certificates issued on or after the effective date of the Rights Plan will bear a legend to this effect. Rights are also attached to Shares outstanding on the effective date of the Rights Plan, although certificates issued before such date will not bear such a legend.

Prior to the Separation Time, Rights will not be transferable separately from the attached Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Shares.

Until such time as the Board otherwise determine, the Rights issued to shareholders will be made through the book-entry system representing the number of Rights so issued. Holders of Shares or associated Rights represented by the book-entry system will not be entitled to a certificate or other instrument from Hemisphere GPS, transfer agent or Rights Agent to evidence the ownerships thereof. New Shares issued as a result of the exercise of any Right will also be represented through the book-entry system in all circumstances.

Permitted Bids

The Rights Plan is not triggered if an offer to acquire Shares would allow sufficient time for the shareholders to consider and react to the offer and would allow shareholders to decide to tender or not tender without the concern that they will be left with illiquid Shares should they not tender.

A "**Permitted Bid**" is a take-over bid where the bid is made by way of a take-over bid circular and: (i) is made to all holders of Shares, other than the offeror, for all of the Shares held by those holders; and (ii) the bid must not permit Shares tendered pursuant to the bid to be taken up until not less than 60 days following the bid and only if, at such time, more than 50% of the Shares held by shareholders other than the bidder, its affiliates and Persons acting jointly or in concert with the bidder (the "**Independent Shareholders**") have been tendered pursuant to the take-over bid and not withdrawn.

A Permitted Bid is not required to be approved by the Board and such bids may be made directly to shareholders. Acquisitions of Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

Waiver and Redemption

The Board may, before the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event that would occur as a result of a take-over bid made under a circular prepared in accordance with applicable securities laws to all holders of Shares. In such event, the Board shall be deemed to also have waived the application of the Rights Plan to any other Flip in Event occurring as a result of any other takeover bid made under a circular prepared in accordance with applicable securities laws to all holders of Shares prior to the expiry of any take-over bid for which the Rights Plan has been waived or deemed to have been waived.

The Board may also waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that the person who became an Acquiring Person in the Flip-in Event reduces its Beneficial Ownership of Shares such that it is not an Acquiring Person within 14 days of the determination of the Board (or any earlier or later time specified by the Board).

In addition, the Board may waive the application of the Rights Plan to a Flip-in Event prior to the close of business on the tenth Trading Day following a Share acquisition (or such later business day as they may from time to time determine), provided that the Acquiring Person has reduced its Beneficial Ownership of Shares, or has entered into a contractual arrangement with Hemisphere GPS to do so within 10 days of the date on which such contractual arrangement is entered into, such that at the time the waiver becomes effective such Person is no longer an Acquiring Person. In the event of such a waiver becoming effective prior to the Separation Time, such Flip-in Event shall be deemed not to have occurred.

Subject to the provisions of the Rights Plan, including prior consent of the holders of the Common Shares or the Rights where required, until the occurrence of a Flip-in Event, the Board may, at any time before the Separation Time, elect to redeem all but not less than all of the then outstanding Rights at \$0.000001 per Right. In the event that a person acquires Shares pursuant to a Permitted Bid, a Competing Permitted Bid or pursuant to a transaction for which the Board have waived the application of the Rights Plan, then the Board shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the redemption price.

Supplement and Amendments

Hemisphere GPS may, without the approval of the holders of Shares or Rights, make amendments: (i) to correct clerical or typographical errors; and (ii) to maintain the validity and effectiveness of the Rights Plan as a result of any change in applicable legislation, regulations or rules thereunder. Any amendment referred to in (ii) must, if made before the Separation Time, be submitted for approval to the holders of Shares at the next meeting of shareholders and, if made after the Separation Time, must be submitted to the holders of Rights for approval.

Before the Separation Date, Hemisphere GPS may, with prior consent of the shareholders received at the special meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the holders of Rights generally.

After the Separation Date, Hemisphere GPS may, with prior consent of the holders of Rights received at the meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the holders of Rights generally.

Confirmation

The Rights Plan must be confirmed by shareholders who vote in respect of such confirmation at the Meeting. Thereafter, the Rights Plan must be reconfirmed at every third annual meeting of shareholders of Hemisphere GPS. If the Rights Plan is not approved at such meeting of shareholders, the Rights Plan and all outstanding Rights will terminate and be void and of no further force and effect.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass the following ordinary resolution:

"BE IT RESOLVED, as an ordinary resolution of the shareholders of the Corporation, that:

1. the Rights Plan as set forth in the Shareholder Rights Plan Agreement dated March 19, 2010 between Hemisphere GPS and Computershare Trust Company of Canada, and as described in the information circular-proxy statement of the Corporation dated April 2, 2013, and the issuance of the Rights issued pursuant to such Rights Plan, are hereby ratified, approved and confirmed;
2. any director or officer of Hemisphere GPS is hereby authorized and directed to execute and deliver all such other agreements and documents and to do all such acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing; and
3. the Board may revoke this resolution before it is acted upon without further approval of the shareholders of Hemisphere GPS."

The above resolution must be approved by a simple majority of votes cast by shareholders who vote in person or by proxy at the Meeting in respect of this resolution. It is the intention of management to vote proxies "FOR" approval of the ordinary resolution above, unless otherwise directed.

Name Change

The Corporation is proposing to effect a change of its corporate name from "Hemisphere GPS Inc." to "AgJunction Inc." (the "**Name Change**").

Management of the Corporation believes that the proposed name would more accurately reflect the strategic re-focusing of the Corporation's resources on the significant opportunities in precision agriculture, as part of the restructuring initiated by the Corporation in September, 2012.

Accordingly, at the Meeting, shareholders will be asked to consider and, if thought fit, to approve a special resolution, substantially in the following form:

"BE IT RESOLVED, as a special resolution of the shareholders of the Corporation, that:

1. pursuant to section 173(1)(a) of the *Business Corporations Act* (Alberta) the name of the Corporation be changed from "Hemisphere GPS Inc." to "AgJunction Inc." (the "**Name Change**");
2. any director, officer or solicitor of the Corporation be and is hereby authorized and directed to execute and file Articles of Amendment to effect the Name Change with the Registrar appointed under the *Business Corporations Act* (Alberta) and to do all such other acts and things and to execute all such other documents necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution before it is acted upon, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

To be approved, the special resolution approving the Name Change requires the approval by a majority of not less than two-thirds (66 2/3%) of the votes cast by shareholders who vote in respect of the special resolution at the Meeting. If the special resolution is approved by shareholders at the Meeting by the requisite majority and all other required approvals are received, the Name Change will be effected at a time determined by the Directors of the Corporation and announced by a press release of the Corporation. Notwithstanding the approval of the special resolution by shareholders at the Meeting or the receipt of all other approvals, the Corporation may determine not to proceed with the Name Change at the discretion of the Directors of the Corporation.

If the Name Change is implemented, shareholders of the Corporation will not be required to surrender their share certificates representing Common Shares in exchange for new certificates reflecting the Name Change and may continue to hold their current share certificates. Upon a sale, acquisition or re-registration of Common Shares, shareholders will receive share certificates reflecting the Name Change.

It is the intention of the management to vote proxies "FOR" approval of the special resolution above, unless otherwise directed.

Amendment to "Other Provisions" in the Articles of the Corporation

On November 14, 2012, Hemisphere GPS announced a restructuring which included relocating the Corporation's headquarters to Hiawatha, Kansas and divesting all non-agricultural operations. The Corporation has now completed the transition of its Calgary-based manufacturing activities to its external manufacturing partner, and had closed its Calgary-based manufacturing activities. The transition of the Corporation's head office to Hiawatha, Kansas continues, and the Calgary location will be officially closed on May 31, 2013.

As a result of the change of the Corporation's head office to Hiawatha, Kansas, the Corporation is proposing to amend the "Other Provisions" contained in Schedule "D" to the articles of the Corporation to allow the Corporation to hold meetings of shareholders at any place within or outside of the Province of Alberta (the "**Amendment**").

Schedule "D" to the articles of the Corporation currently provide that: "Meetings of some shareholders of the Corporation may be held in Victoria, Vancouver, Kelowna, Penticton or Fairmont, British Columbia; Calgary, Edmonton, Jasper or Banff, Alberta; Toronto, Ottawa or London, Ontario; Montreal or Quebec City, Quebec; Los Angeles, San Francisco, San Diego or Palm Springs, California; Seattle or Spokane, Washington; Reno or Las Vegas, Nevada or Phoenix, Arizona".

Accordingly, at the Meeting, shareholders will be asked to consider and, if thought fit, to approve a special resolution, substantially in the following form:

"BE IT RESOLVED, as a special resolution of the shareholders of the Corporation, that:

1. pursuant to section 173(1)(n) of the *Business Corporations Act* (Alberta), Schedule "D" to the articles of the Corporation be amended to delete paragraph 4 in its entirety and to insert the following:

"Meetings of the shareholders may be held at any place within or outside of the Province of Alberta, including any place within Canada or the United States."

(the "**Amendment**");

2. any director, officer or solicitor of the Corporation be and is hereby authorized and directed to execute and file Articles of Amendment to effect the Amendment with the Registrar appointed under the *Business Corporations Act* (Alberta) and to do all such other acts and things and to execute all such other documents necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution before it is acted upon, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

To be approved, the special resolution approving the Amendment requires the approval by a majority of not less than two-thirds (66 2/3%) of the votes cast by shareholders who vote in respect of the special resolution at the Meeting. If the special resolution is approved by shareholders at the Meeting by the requisite majority and all other required approvals are received, the Amendment will be effected at a time determined by the Directors of the Corporation. Notwithstanding the approval of the special resolution by shareholders at the Meeting or the receipt of all other approvals, the Corporation may determine not to proceed with the Amendment at the discretion of the Directors of the Corporation.

It is the intention of the management to vote proxies "FOR" approval of the special resolution above, unless otherwise directed.

Confirmation of Bylaws

On October 18, 2012, the Board passed a resolution replacing the bylaws of the Corporation with the bylaws attached to this Information Circular as Schedule F (the "**New Bylaws**"), subject to confirmation of such New Bylaws by shareholders of the Corporation. The amended bylaws have been updated to reflect common current corporate practices, relative to those that were in place when the Corporation's bylaws were originally established.

Accordingly, at the Meeting, shareholders will be asked to consider and, if thought fit, to approve an ordinary resolution, substantially in the following form:

"BE IT RESOLVED, as an ordinary resolution of the shareholders of the Corporation, that:

1. pursuant to section 102 of the *Business Corporations Act* (Alberta), the bylaws of the Corporation, in the form attached as Schedule F to the information circular-proxy statement of the Corporation dated April 2, 2013, are hereby confirmed; and

2. any director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute all such other documents necessary or desirable to carry out the terms of this resolution."

The above resolution must be approved by a simple majority of votes cast by shareholders who vote in person or by proxy at the Meeting in respect of this resolution. It is the intention of management to vote proxies "FOR" approval of the ordinary resolution above, unless otherwise directed.

Appointment of Auditors

The persons named in the Instrument of Proxy furnished by the Corporation intend, unless otherwise directed, to vote in favour of an ordinary resolution to reappoint the firm of KPMG, LLP, Chartered Accountants, to serve as auditors of the Corporation to hold office until the next annual general meeting of shareholders and to authorize the Board to fix their remuneration. KPMG, LLP, Chartered Accountants, were originally appointed as auditors of the Corporation on January 1, 1996.

The Audit Committee reviews the annual audit fees and considers the issue of auditor independence in the context of all services provided to the Corporation.

Certain information regarding Hemisphere GPS' Audit Committee, including the fees paid to Hemisphere GPS' auditors in the last two fiscal years, that is required to be disclosed in accordance with National Instrument 52-110 of the Canadian Securities Administrators, is contained in Hemisphere GPS' annual information form for the year ended December 31, 2012, an electronic copy of which is available on the internet on Hemisphere GPS' SEDAR profile at www.sedar.com.

PART IV - INFORMATION CONCERNING THE CORPORATION

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of first preferred shares, issuable in series, and an unlimited number of second preferred shares, issuable in series. As at April 2, 2013, there were 69,180,871 Common Shares issued and outstanding and no first or second preferred shares issued and outstanding. Two persons present in person and holding or representing not less than five (5%) percent of the Common Shares entitled to vote thereat will constitute a quorum at the Meeting.

The holders of Common Shares are entitled to receive notice of all shareholders meetings (other than meetings of a class or series of shares of the Corporation other than the Common Shares) and to one (1) vote thereat for each Common Share held. The holders of the Common Shares are entitled to receive any dividends declared by the Board of Directors on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to all shares of the Corporation ranking in priority to the Common Shares, and in respect of return of capital, the holders of Common Shares are entitled to share pro rata together with the holders of any other classes of shares ranking equally with the Common Shares in such assets of the Corporation as are available for distribution.

Other than as disclosed below, to the knowledge of the Directors and executive officers of the Corporation, no person or company beneficially owns or controls or directs, directly or indirectly, voting securities carrying more than ten (10%) percent of the voting rights attached to any class of voting securities of the Corporation as at the date hereof:

- GVM, Inc., a company controlled by Mark Anderson, a Director, owns 8,206,115 Common Shares representing 11.9% of the outstanding Common Shares.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

On September 4, 2012, the Corporation appointed Rick Heiniger as the President and Chief Executive Officer, replacing Steven Koles who resigned as of that date as officer and director. To accept this position, Mr Heiniger resigned his position as Vice-Chairman of the Board of Directors, however remains a director of the Corporation. At that time, Mr. Heiniger implemented a corporate restructuring that includes the divestiture of the non-agriculture assets of the Corporation, the transfer of internal manufacturing activities to an external manufacturing, and the move of the corporate headquarters from Calgary, Alberta to Hiawatha, Kansas. These changes are expected to be fully implemented by July 2013 and have also resulted in a turnover of the senior management positions within the Corporation.

While the events described in the prior paragraph have resulted in departures from typical compensation process as the various elements of the restructuring have taken place, this Compensation Discussion and Analysis describes the compensation programs of the Corporation that were in place prior to the implementation of the restructuring and that have not been formally revised as of the date of this Information Circular. At this time, there are no plans to make significant changes to the Corporation's compensation policies and practices in the next financial year.

Overview

The ultimate goal of our compensation program for the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, at the end of the year ended December 31, 2012 whose total compensation was more than \$150,000 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs"), and for all Hemisphere GPS employees, is to foster profitable growth and to create long-term value for shareholders. We believe that the ability, performance, commitment and retention of our executives are essential leadership factors that drive shareholder value. We have designed and implemented a pay-for-performance compensation program that rewards corporate and individual performance and the creation of shareholder value. We believe that the program motivates strong performance, aligns the interests of our NEOs and employees with those of our shareholders, and supports our attraction and retention goals.

Our Compensation Committee is composed of two independent, non-employee Directors, Barry Batcheller (Chairman) and Mark Anderson, and is responsible to discharge the Board of Directors' responsibilities with respect to compensation for our Named Executive Officers, as well as to provide general oversight of our global compensation program. The Compensation Committee has formal terms of reference that have been included as Schedule D and describe the responsibilities, powers and operation of the Committee. Under the terms of reference, the Compensation Committee has the authority to retain outside advisors as it determines appropriate to assist it in the performance of its functions. No such advisors were engaged by the Committee during 2011 or 2012.

The members of the Compensation Committee are each highly experienced executives, directors and/or businessmen who have dealt with numerous compensation issues in the course of their leadership roles. The skills and experience that enable the members of the Compensation Committee to make decisions on the suitability of the Corporation's compensation policies and practices and the independence of each member are as follows:

- Leadership roles as Chief Executive Officers, or other senior roles, providing experience and skills in managing human resources and compensation programs;
- Experience as leader in a range of organizations from small start-up entities, to multinational organizations, in the case of Mr. Batcheller; and
- Experience in leading and managing a private manufacturer of farm machinery and equipment in the case of Mr. Anderson.

The purpose of this compensation discussion and analysis is to summarize our compensation objectives, the elements of our compensation program, our compensation decision-making process, and the factors that we considered in making decisions about executive compensation for the fiscal year 2012.

Compensation Objectives

Performance

Key elements of the compensation program are designed to reward strong corporate and individual performance including:

- Base salaries are determined on a competitive basis depending on the executive's experience, scope of responsibilities, demonstrated leadership abilities, and effectiveness;
- Incentive plan payments are based upon performance against pre-determined corporate and individual performance objectives. Corporate performance is measured by profitability relative to the budgeted net income for the year. For business segment leaders, corporate performance is also measured based on the performance of the business segment. Individual performance objectives relate to specific operational targets and personal development objectives; and
- Equity incentive compensation is comprised of share options and the partial matching of purchases of Hemisphere GPS Common Shares by the NEOs under our employee share purchase program. The ultimate value of equity incentive compensation is dependent on the performance of our share price after the date of the grant. Both equity incentive compensation programs are subject to vesting schedules that require continued service with us. See further discussion below under the heading "Attraction and Retention".

Alignment of Management Objectives with that of Shareholders

We seek to align the interests of the NEOs, and other executives and key employees, with those of our shareholders. Key elements of compensation that align the interests of our NEOs and other executives with shareholders include:

- Our incentive plan, described below, that compensates executives for the achievement of key corporate and individual goals that we believe correlate with improving shareholder value; and
- Equity incentive compensation in the form of share options and stock ownership, under which the ultimate value of the compensation is based on stock price appreciation subsequent to the date of particular grant.

Attraction and Retention

Hemisphere GPS has implemented a compensation program that we believe is competitive in order to attract and retain high quality executives and other employees.

Base salaries are established at competitive levels as determined by competitive benchmarking. In addition, our benefits and other elements of our overall compensation program are designed with the objective to be comparatively appealing.

Executives (and certain key employees) receive share options and all employees are eligible for stock grants under the employee share purchase plan. Share options are granted with a four-year, month-by-month vesting schedule. Corporation-matched purchases of stock under the employee share purchase plan vest one year after the employee's purchase of stock. Both of these programs support our retention objective by requiring the employee to remain employed by the Corporation to realize the additional potential compensation.

Risks

In establishing the compensation program, the Compensation Committee considered the implications of the risks associated with our program, including:

- The risk of executives taking inappropriate or excessive risks.
- The risk of inappropriate focus on achieving short-term goals at the expense of long-term return to shareholders.
- The risk of encouraging aggressive accounting practices.
- The risk of excessive focus on financial returns and operational goals at the expense of regulatory, environmental and health and safety compliance.

While no program can fully eliminate risks, the Compensation Committee believes that risks are mitigated by:

- Weighting long-term incentives towards equity-based incentives.
- Avoiding narrowly focused performance goals and retaining adequate discretion to ensure that the Board and management retain their business judgment in assessing actual performance.
- Establishing a strong "tone at the top" for accounting, regulatory, environmental and health and safety compliance.

The Corporation does not have any written policies which prohibit a NEO or director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Compensation Elements

The compensation of the NEO's consists of the following primary elements:

- Base salary
- Fringe benefits
- Incentive plan
- Equity incentives
- Retirement savings assistance

Base Salary

Base salaries are designed to be competitive in order to attract and retain high calibre talent. The base salary for our NEOs is determined based upon an evaluation of the scope of their responsibilities, performance, experience and education and competitive benchmarking for similar positions. Corporation-wide base salary levels are reviewed annually by the Compensation Committee who approve ranges for base salary adjustments based upon consideration of corporate performance, cost of living changes, industry and market-performance data, and competitive compensation information received from compensation consulting firms (including Culpepper and Associates) and professional organizations. The adjustment to base salaries of NEOs will take into account these approved ranges, the performance of the NEO and changes in the NEOs responsibilities that may have taken place.

The base salaries of the NEOs for fiscal 2012 are discussed below and are summarized in the Summary Compensation Table on page 27.

Fringe benefits

We provide our NEOs, and all employees, with fringe benefits that we believe are appealing to employees to enhance attraction and retention. The primary fringe benefits provided include:

- Medical and dental insurance coverage;
- Life insurance of \$50,000, plus \$10,000 for spouse and \$5,000 for each child;
- Short term and long-term disability insurance (premiums paid by NEOs/employees);
- Employee assistance plan;
- Continuing education assistance;
- Fitness/wellness membership reimbursements of \$300 per year; and
- Paid vacations and holidays.

NEOs who reside in Canada are responsible to pay 30% of the cost of medical and dental insurance coverage costs and those who reside in the United States are responsible to pay for the incremental costs of their selected medical and dental insurance plan in excess of \$525 per month.

Incentive Plan

The incentive plan (the "**Incentive Plan**") is the element of compensation that rewards executives and employees (excluding commissioned salespeople) based upon the achievement of corporate financial profitability goals and based upon individual performance relative to objectives.

The Incentive Plan payout for each eligible NEO (and all eligible employees) is determined based upon the following formula:

$$\text{Incentive Payment} = \frac{\text{Corporate Performance}}{\text{Factor}} \times \frac{\text{Individual Performance}}{\text{Factor}} \times \text{Target Incentive Rate}$$

Corporate Performance Factor

For 2012, the Incentive Plan is payable based upon the level of actual profitability achieved within a range determined relative to the budgeted level of profit. For this purpose, profitability is measured as net income, calculated in accordance with International Financial Reporting Standards ("**IFRS**"), before incentive payments expense ("**NIBIP**"). The range was set as follows:

- *Low* – at the lower boundary of the range, the Corporate Performance Factor is zero and incentive payments begin to accrue as NIBIP increases from that point;
- *Mid-Point* – at the mid-point NIBIP, the Corporate Performance Factor is equal to 0.50;
- *Target* – at target NIBIP, which is a defined level in excess of budgeted NIBIP, the Corporate Performance Factor is equal to 1.0; and
- Above target, incentives continue to accrue on a pro-rata basis.

The Compensation Committee reserves the right to adjust profitability to normalize it for unusual items that impact profits but which are out of the control of management.

For business segment leaders, the Corporate Performance Factor is determined on a weighted average basis, with 30% determined based upon consolidated NIBIP and 70% determined based on direct business segment performance, with one-third weighting from each of business segment revenues, margins and profitability.

Individual Performance Factor

Together with their direct manager, each of the NEOs (and all eligible employees) set individual objectives, cascaded from our strategic objectives, through our Performance Management Process ("**PMP**"). The CEO establishes our strategic objectives, and his individual objectives, with the Board of Directors coordinated by the

Compensation Committee. At year end, the individual performance of each of the NEOs (and all eligible employees) is rated based upon performance relative to their individual objectives, and Individual Performance Factors are established using the following:

- Exceeded objectives 1.5
- Fully met objectives 1.0
- Partially met objectives 0.5
- Did not meet objectives 0.0

Target Incentive Rate

A Target Incentive Rate has been established for various employee levels in the Corporation based upon competitive benchmarking analysis. The NEO target incentive rates are as follows:

- President and Chief Executive Officer 67%
- Senior Vice Presidents and Vice Presidents 30% - 40%
- All other eligible employees 5% - 20%

We have structured the Incentive Plan in this manner as we believe that profitable growth, together with strong performance of our employees relative to individual objectives, will correlate with improving shareholder value.

Incentive Plan payments are paid annually in February once the audit of our financial results is complete.

Corporate performance targets and individual objectives are determined near the start of each fiscal year based upon our board-approved strategic plan and budget for that year. The Compensation Committee receives and considers the input of Management in regard to setting the corporate performance targets and determining whether changes in the structure of the Incentive Plan are required.

From time to time, the Compensation Committee has also awarded discretionary cash bonuses based upon its assessment of an executive's performance and contributions, and may do so in the future.

The incentive compensation awarded to the NEOs in fiscal 2012 is discussed below and is summarized in the Summary Compensation Table on page 27.

At the time of the appointment of Richard Heiniger as President and Chief Executive Officer on September 4, 2012, no Incentive Plan was established for him. An Incentive Plan will be put in place for Mr. Heiniger in 2013.

Equity Incentive Compensation

The Compensation Committee has been authorized by the Board of Directors to administer our equity incentive compensation programs, which are comprised of the Share Option Plan and the Employee Share Purchase Plan.

Share Option Plan

Annual share option awards are made to the NEOs, and to other executives and key employees. Share option grants may also occur in other circumstances such as new hires, employee promotions, key employee retention efforts, and acquisition transactions as may be approved by the Compensation Committee. Share options are awarded to reward demonstrated performance and leadership, to motivate future performance, to align the interests of the NEOs, and other executives and employees with those of our shareholders, and to support the retention of the executives and key employees through the term of the awards.

The Share Option Plan permits the granting of share options to purchase Common Shares to our officers, Directors, key employees and key consultants. The Plan has a rolling maximum/evergreen limit for the issuance of

share options up to, but not in excess of 10% of outstanding Common Shares. At December 31, 2012, there were 66,404,215 Common Shares outstanding, providing a share option limit of 6,640,421 share options of which 5,028,200 share options were outstanding representing 7.6% of the outstanding number of Common Shares. As of April 2, 2013, there were share options to purchase 4,725,141 Common Shares outstanding under the Plan (or approximately 6.8% of the 69,180,871 Common Shares outstanding as at such date).

The key features of the Plan are as follows:

- Directors, officers, employees and consultants, or those of subsidiaries, are eligible to receive share options under the Plan;
- the aggregate number of Common Shares issuable to any one person under the Plan, together with all other share compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Common Shares (calculated on a non-diluted basis);
- the number of Common Shares together with all of the Corporation's other previously established or proposed share compensation arrangements issued to insiders within any one year period will not exceed 10% of the outstanding Common Shares;
- the aggregate number of Common Shares issuable to insiders at any time, under all security based compensation arrangements, must not exceed 10% of the outstanding Common Shares;
- any share options granted pursuant to the Plan shall be non-assignable;
- the vesting arrangements are within the discretion of the Board;
- the exercise price for share options is equal to the closing price of the Common Shares on the TSX on the trading day immediately preceding the date of grant;
- the term of share option grants are within the discretion of the Board, but cannot be longer than 10 years;
- the Plan provides for the automatic extension of the exercise period of a share option that would expire during a blackout period for a maximum of 10 days following the end of such blackout period; and
- share options terminate within a period of time following an optionholder ceasing to be at least one of an employee, Director, officer or consultant of the Corporation or of a subsidiary of the Corporation. However, in the event of death, share options will expire at the earlier of the end of the original share option period or 12 months after the date of death.

The Plan requires shareholder approval for the following amendments:

- to increase the percentage of Common Shares issuable on exercise of outstanding share options at any time;
- to change the manner of determining the minimum exercise price;
- to reduce the exercise price of any outstanding share options held by insiders;
- subject to Section 8 of the Plan, to extend the term of any outstanding share option held by insiders beyond the original expiry date of such share option;
- to make any change to eligible participants which would have the effect of broadening or increasing insider participation;
- to increase the maximum limit on the number of securities that may be issued to insiders;

- to permit an optionee to transfer or assign share options to a new beneficial optionee other than in the case of death of the optionee; or
- to amend the amendment or discontinuance provisions of the Plan.

The Compensation Committee, subject to the prior approval of the Board of Directors, may approve amendments relating to the Plan without further approval of the shareholders, to the extent that such amendments relate to, without limitation:

- altering, extending or accelerating the terms and conditions of vesting of any share options;
- extending the term of share options held by a person other than a person who, at the time of the extension, is an insider, provided that the term does not extend beyond ten years from the date of grant;
- reducing the exercise price of share options held by a person other than a person who, at the time of the repricing, is an insider;
- accelerating the expiry date in respect of share options;
- adding a cashless exercise feature to the Plan;
- determining the adjustment provisions pursuant to Section 10(a) of the Plan;
- amending the definitions contained within the Plan;
- amending or modifying the mechanics of exercise of share options; or
- amendments of a "housekeeping" nature.

Share options granted during 2012 have a four year vesting period and expire after five years. Share options are granted in accordance with a policy approved by the Board of Directors and provide for pricing at the closing price of our Common Shares on the day that is a specified number of days following the specific date of approval with respect to such share options. The share option agreements include provisions for the acceleration of vesting upon the permanent disability or death of the option holder and upon a change in control. In addition, they provide that options expire thirty days after the last day of employment or engagement with the Corporation.

Share options only generate value for NEOs (and other executives/employees) to the extent the price of our Common Shares on the date of exercise exceed the exercise price, and thus only provide additional compensation if the share price grows over the term of the award. For this reason we believe that share options are a motivational tool encouraging the NEOs (and other executives/employees) to undertake actions to grow shareholder value.

As at April 2, 2013, there were 4,725,141 share options outstanding and 2,192,946 share options available for issuance pursuant to the Plan.

Employee Share Purchase Program

In April 2008, we implemented an Employee Share Purchase Program to encourage NEOs, executives and employees to purchase and hold our Common Shares. Under this program, we will match 50% of purchases of Common Shares by employees under the program to a maximum of 2% of the employees' salary. The matching Common Shares are purchased by us at the time of employee purchases and are placed in trust. These purchases vest with the employee one year after the executive/employees' purchase date.

The objectives of the Employee Share Purchase Program are:

- to encourage share ownership, which aligns executive/employee interests with those of our shareholders;
- to help retain high quality executives/employees through the vesting feature; and
- to provide additional compensation as an element of a competitive compensation package.

Grants under the Share Option Plan and the Employee Share Purchase Program are discussed below and are shown in the Summary Compensation Table on page 27.

Retirement Savings Assistance

In order to encourage retirement savings, we have implemented programs to assist employees with retirement savings. In Canada, this program is accomplished through an RRSP-matching plan, in the United States this program is accomplished through a 401K plan, and in Australia this is accomplished through mandated superannuation contributions. We believe that this element of the compensation program contributes to make our overall program more competitive in the marketplace and supports the attraction and retention of high quality executives and employees.

Under the programs, in Canada and the United States, we will fully match savings made by employees up to 4% of base salary and incentive plan payments. In Australia, the legislated superannuation contributions are 9% of base salary and incentive plan payments.

Under certain circumstances, we may suspend matching contributions under the Employee Share Purchase Program and the Canadian and United States retirement savings programs. In 2012, matching contributions in the Employee Share Purchase Program were suspended from September 1 to December 31 and matching contributions in the retirement savings programs were suspended from October 1 to December 31. Matching contributions were resumed effective January 1, 2013.

Compensation Determination Process

In developing our compensation program, Management and the Compensation Committee have considered a variety of inputs in attempting to achieve competitive compensation packages that provide an appropriate balance between shorter-term cash compensation and longer-term equity compensation, and to properly reflect the performance and level of responsibility of the NEOs and other executive officers. In establishing the compensation for the NEOs, certain factors that have been considered include, but are not limited to, the following:

- the NEO's current total compensation;
- the NEO's individual performance;
- the qualifications of the NEO and potential for development and performance in the future;
- the strategic and operational responsibilities for which the NEO has responsibility;
- compensation levels of comparable positions at companies in our broad public technology industry category;
- cost of living changes, industry and market-performance data, and competitive compensation information received from consulting firms, including Radford Consulting and Culpepper and Associates, as well as professional organizations; and
- compensation of each of the NEOs relative to that of our other executive officers.

Base Salary

In 2006, we engaged the Hay Group, a global consulting firm, to assist us with an evaluation of our organizational structure, a detailed evaluation of all positions in the Corporation, and the creation of a detailed job banding structure that provides for appropriate placement and potential career progressions for employees. Every position in the Corporation was placed within the defined job bands based on Hay Groups' job evaluation methodology, which according to the Hay Group is used by over half of the Fortune 500 companies. Competitive salary ranges were then established for each job band based upon data received from technology-specific

compensation consulting group Culpepper and Associates. Where available and appropriate, we also consider salary survey information for specific job categories, such as information from professional engineering or accounting associations. As a guiding principle, salary ranges for each of the job bands are set from the 10th percentile to the 75th percentile based on salary survey data gathered. Similarly, target incentive rates for each job band were established based on compensation survey information received from these sources.

Each of the NEOs' positions were evaluated as part of the Hay Group project and the NEOs were placed in the appropriate job band. For 2012, all of the NEOs are within the salary range that has been established for the appropriate job band. The specific placement of NEOs within the range established for the job band are dependent on the evaluation of the factors described previously in the introductory paragraph under "Compensation Determination Process" above.

In addition to the Hay Group process described above, for the CEO, the Compensation Committee considered the base salary, incentive compensation and share option grant levels for Chief Executive Officers of the following small-cap technology companies during late 2011 based upon regulatory filings available at that time:

Canadian-Listed Companies:

20-20 Technologies Inc.
Cyberplex Inc.
GuestLogix Inc.
Aastra Technologies Ltd.
Sierra Wireless, Inc.
Vecima Networks, Inc.
Wireless Matrix Corporation

Axia Netmedia Corporation
Dragonwave Inc.
Intermap Technologies Corporations
Pure Technologies Ltd.
TIO Networks Corp.
Webtech Wireless Inc.
Zedi Inc.

Computer Modeling Group
Gennum Corporation
Peer 1 Network Enterprises, Inc.
Redknee Solutions Inc.
TransGaming Inc.
Wi-Lan Inc.

United States-Listed Companies:

Digimarc Corporation
Opnet Technologies, Inc.
Trimble Navigation Limited

Maxwell Technologies Inc.
Raven Industries, Inc.
Universal Display Corporation

Openwave Systems Inc.
Sierra Wireless, Inc.

This survey group was selected with the objective of including small-cap companies engaged in technology-related activities in Canada and the United States. Companies were sought which are engaged in similar markets - such as GPS development and manufacturing or who sold agriculture-related products – as well as other technology-related companies to provide a larger sample size.

The Canadian-listed group of companies had market capitalizations ranging from about Cdn\$15 million to Cdn\$734 million calculated as of date of the regulatory filing from which the compensation data was sourced. The United States-listed group of companies had market capitalizations ranging from US\$137 million to US\$5.3 billion calculated as of date of the regulatory filing from which the compensation data was sourced.

While the Compensation Committee reviewed compensation data from United States-listed companies for 2012, greater priority was placed on the compensation information provided by Canadian-listed public companies for purposes of benchmarking the base salary, target incentive rate and share options grants.

At no time since the most recently completed financial year of the Corporation, has a compensation consultant or advisor been formally retained by the Corporation to assist the Board of Directors or the Compensation Committee in determining the compensation of the directors or executive officers of the Corporation.

Incentive Plan

For 2012, as described earlier, there are two elements that determine the amount of Incentive Plan payments to NEOs – corporate performance and individual performance.

Corporate performance targets were established based on profitability before incentive payments.

Individual performance objectives were established for the Steven Koles for 2012 with consultation and approval by the Compensation Committee. Although the specific details of the performance objectives are

considered by us to be confidential, in that disclosure of such measures would provide sensitive competitive information to the Company's competitors, the primary elements of these objectives were as follows:

- Achieve budgeted financial metrics with respect to revenues and earnings;
- Achieve specific progress relating to the 2012 strategic level objectives;
- Operational efficiency objectives;
- Quality objectives;
- Organizational objectives; and
- Distribution and partnership objectives.

As outlined previously in this Compensation Discussion and Analysis, no formal Incentive Plan was established for Richard Heiniger at the time that he was appointed as President and Chief Executive Officer in September 2012 and no Incentive Plan payments were paid to him for the year.

Share Options

Management and the Compensation Committee view share option awards as a critical element of the compensation program for the NEOs, other executives and key employees. We apply a formula to determine annual share option grants for NEOs and other executives, with the exception of the CEO. Under this formula, each NEO or other executive receives an annual grant of share options with the number of share options equal to approximately 20 – 25% of their annual base salary. The actual percentage awarded to a particular NEO or officer is subject to adjustment depending upon consideration of a number of factors, including the performance of the NEO or other executive for the particular year. Previous grants of option-based awards are not generally considered when evaluating the new grants.

The annual share option grant for the CEO has historically been based upon evaluation of his current year performance as well as internally prepared compensation survey data as described previously. On the date of his appointment as President and CEO, Richard Heiniger was awarded 600,000 share options.

At April 2, 2013, the CEO held 660,000 share options representing 1.0% of outstanding Common Shares.

Special share option grants are also awarded occasionally to reward performance related to specific projects and activities or to achieve other objectives including retention.

Special Share Option Grants

The number of share options granted to the NEOs in 2012 were as follows:

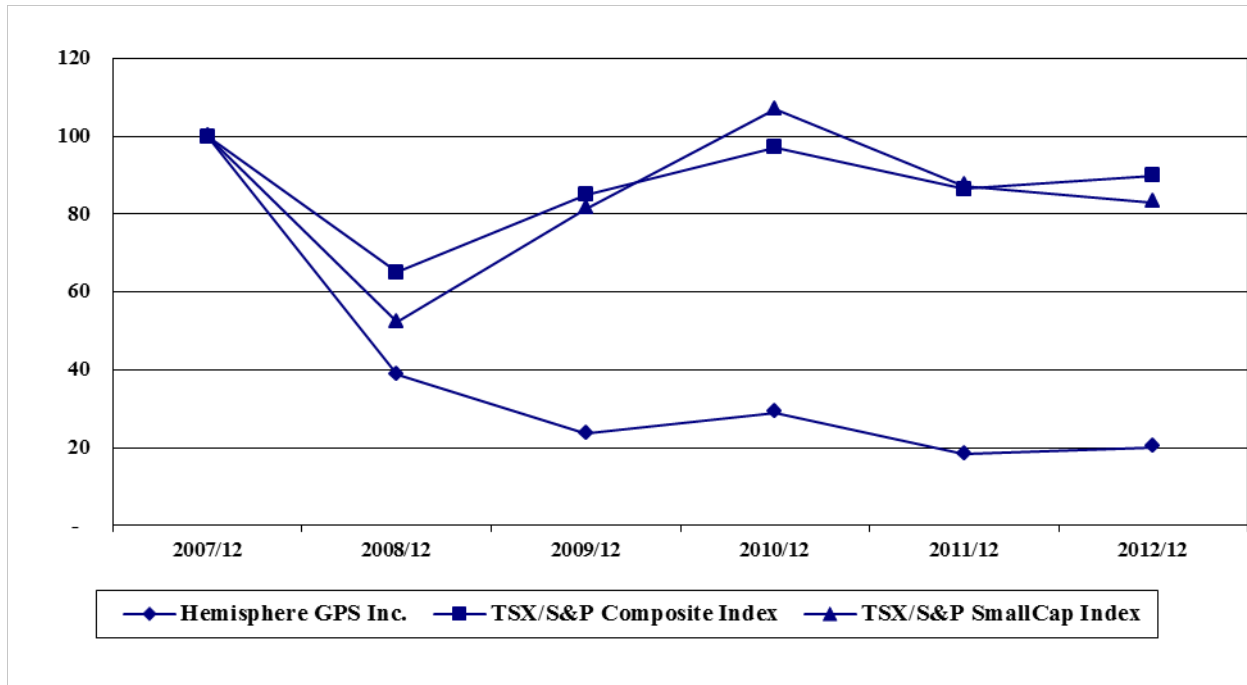
	Annual Share Option Grant		Other Share Option Grants	
	Number	Exercise Price	Number	Exercise Price
Richard W. Heiniger ⁽¹⁾	600,000	Cdn\$0.64	-	-
Steven L. Koles ⁽²⁾	-	-	50,000	Cdn\$0.72
Cameron B. Olson	-	-	25,000	Cdn\$0.72
Lisa M. Smith	-	-	-	-
Michael L. Whitehead	-	-	-	-
Philip W. Gabriel	-	-	-	-

Notes:

- (1) Mr. Heiniger was appointed President and Chief Executive Officer of the Corporation on September 4, 2012 and was granted 600,000 share options at that time.
- (2) Mr. Koles resigned from his position as President and Chief Executive Officer on September 4, 2012.

Performance Graph

The following graph illustrates our five year cumulative shareholder return, as measured by the closing price of our Common Shares at the end of each financial year, assuming an initial investment of \$100 on December 31, 2007, compared to the S&P/TSX Composite Index and the S&P/TSX Canadian SmallCap Index, assuming the reinvestment of dividends where applicable.



	2007/12	2008/12	2009/12	2010/12	2011/12	2012/12
Hemisphere GPS Inc.	100	39	23	29	18	20
S&P/TSX Composite Index ⁽¹⁾	100	65	85	97	86	90
S&P/TSX SmallCap Index ⁽¹⁾	100	52	81	107	87	83

Note:

(1) Total Return Index.

As described in previous sections, the compensation for NEOs is influenced by a variety of factors including corporate and individual performance as well as the share price performance.

The base salary and non-equity incentive elements of compensation were designed to motivate and reward corporate and individual performance for objectives designed to increase the Corporation's share price in the mid to long term. The primary factor driving payout under our Incentive Plan in 2011 was profitability. As a consolidated loss was realized in 2012, there were no Incentive Plan payments awarded to the NEOs for the year related to consolidated corporate performance. Some Incentive Plan awards were awarded to NEO's for achievement of specific elements of business segment and personal objectives which are aligned with the long term growth strategies of the Company

The Corporation's financial performance and share price has been negatively impacted by the turbulence in the global economic markets, along with the Canadian and global equity markets in general, and has not met corporate expectations. NEO compensation available through the incentive plan and equity incentive elements of compensation has been nominal as a result.

It is our objective to focus executive compensation on factors that build long term growth in the value of Hemisphere GPS such as revenue generation, profitability and initiatives that enhance our ability to grow profitably. While we believe that these factors should cause our share price to grow in the long term, they will not necessarily result in a consistent trend in annual non-equity executive compensation versus our share price – as that trend has a much shorter term focus.

Summary Compensation Table

The following table sets forth for the years ended December 31, 2012, 2011 and 2010 information concerning the compensation paid to the Named Executive Officers. Amounts reported in this Information Circular are in United States dollars as this is the reporting currency used in our consolidated financial statements. Richard Heiniger, Steven Koles, Cameron Olson and Lisa Smith were remunerated in Canadian dollars in 2012. Unless otherwise stated, each element of compensation described in this document is converted to US dollars using the average noon day foreign exchange rate for the applicable period as reported by the Bank of Canada. For 2012, 2011 and 2010 the foreign exchange rates applied were \$0.9994, \$0.9894 and \$1.0301 respectively. As the US dollar weakened in 2011 and 2012 compared to 2010, the translated compensation levels for NEOs compensated in Canadian dollars has increased more than the underlying Canadian dollar-denominated compensation as a result of these exchange rate changes.

Name and principal position	Year	Salary ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽⁵⁾ (\$)	Total compensation (\$)
					Annual incentive plans ⁽⁴⁾	Long-term incentive plans			
Rick Heiniger ⁽⁶⁾ President & Chief Executive Officer	2012	93,005	-	169,886	-	-	-	3,753	266,644
	2011	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
Steven L. Koles ⁽⁷⁾ Former President & Chief Executive Officer	2012	212,812	3,514	14,157	10,006	-	-	400,370	640,859
	2011	310,802	5,882	28,098	5,054	-	-	20,758	370,594
	2010	289,778	5,619	79,847	-	-	-	19,816	395,060
Cameron B. Olson ⁽⁸⁾ Senior Vice President and Chief Financial Officer	2012	249,790	3,478	7,079	10,006	-	-	16,997	287,350
	2011	246,308	5,264	18,264	5,054	-	-	19,467	294,357
	2010	231,882	4,494	29,487	-	-	-	18,413	284,276
Lisa M. Smith ⁽¹⁰⁾ Vice President, Operations	2012	184,498	-	-	55,788	-	-	3,252	243,538
	2011	168,203	-	11,239	-	-	-	154	179,597
	2010	148,309	-	19,780	-	-	-	148	168,237
Michael L. Whitehead ⁽⁹⁾ Vice President, Technology	2012	210,339	3,053	-	12,400	-	-	8,414	234,206
	2011	205,991	4,394	14,049	-	-	-	8,240	232,674
	2010	202,675	4,158	29,559	4,700	-	-	10,863	251,955
Philip W. Gabriel ⁽¹¹⁾ Vice President and GM, Precision Products	2012	199,214	3,060	-	-	-	-	16,369	218,643
	2011	196,976	3,909	11,239	25,556	-	-	16,279	253,959
	2010	187,937	2,315	26,943	23,480	-	-	8,343	249,018

Notes:

- (1) Base salaries for the NEOs at December 31, 2012 are as follows: Richard Heiniger Cdn\$290,000; Cameron Olson Cdn\$251,170 (2011: Cdn\$245,045); Lisa Smith Cdn\$185,850 (2011: Cdn\$180,000); and Philip Gabriel US\$206,139 (2011: US\$197,830). Steven Koles was not employed by the Corporation at December 31, 2012.
- (2) Share-based awards represent Corporation matching of half of NEO purchases of Hemisphere GPS Common Shares under the Employee Share Purchase Program. The value is based on the amount paid by the Corporation to purchase the Common Shares on behalf of the NEO on the grant date, which is the date of the NEO purchases of the Common Shares, although such awards do not vest for one year following the NEO purchase of the Common Shares. In 2012, the Corporation suspended matching from September 1 to December 31.
- (3) Share options granted to NEOs are valued based on the grant date fair value of the applicable share option grant. Fair value is determined in a manner consistent with that used in preparing the Corporation's consolidated financial statements. This approach uses the Black-Scholes option pricing model with the following weighted average assumptions for 2012: zero dividend yield (2011 and 2012 – unchanged); weighted average volatility of 62% (2011 – 62%; 2010 – 66%); risk-free rate of 2.04% (2011 – 2.16%; 2010 –

- 2.80%); a pre-vest forfeiture rate of 12.4% (2011 and 2010 – unchanged) and expected stock option life of 3.5 years (2011 – 3.5 years; 2010 – 3.8 years).
- (4) Amounts reported as payable under annual incentive plans represent amounts payable as described in the section on the Incentive Plan starting on page 19. Amounts are reported in the year in which the incentive payment was earned, but the amounts may be paid in that year, or in the following year upon completion of the audited financial statements for such year.
- (5) Other compensation includes, where applicable, car allowances, retirement savings assistance, fitness membership reimbursements, termination payments and accrued vacation paid on termination.
- (6) Richard Heiniger was appointed President and CEO on September 4, 2012 with a base salary of Cdn\$290,000. During 2012, prior to his appointment as President and CEO, Mr. Heiniger also earned compensation in his capacity as Vice-Chairman and Director including directors fees of \$22,768 (2011 - \$36,392; 2010 - \$33,308) and Option-based awards of \$Nil (2011 - \$4,215; 2010 - \$6,567).
- (7) Steven Koles resigned his positions as President and CEO and director of the Corporation on September 4, 2012. Included in all other compensation for Mr. Koles are termination payments totaling Cdn\$366,005 and payment of accrued vacation of Cdn\$18,361.
- (8) Cameron Olson was replaced by Robert Wesley Dittmer as Chief Financial Officer effective February 11, 2013 and will remain employed by the Corporation in a transitional role until May 31, 2013. Included in all other compensation for Mr. Olson is a car allowance of Cdn\$9,000 and retirement savings assistance of Cdn\$7,879.
- (9) Michael Whitehead resigned his position as Vice President, Technology on January 31, 2013 when the Corporation divested the non-agriculture assets of the Corporation, taking on a senior leadership role with the acquiring company. Included in all other compensation for Mr. Whitehead is retirement savings assistance of \$8,414.
- (10) Lisa Smith was replaced by Charlie Wohlers as Vice President Operations effective February 1, 2013 and will remain employed by the Corporation in a transitional role until May 31, 2013. Included in all other compensation for Ms. Smith is retirement savings assistance of Cdn\$3,098.
- (11) Philip Gabriel resigned his position as Vice President and GM, Precision Products on January 31, 2013 when the Corporation divested the non-agriculture assets of the Corporation, taking on a senior leadership role with the acquiring company. Included in all other compensation for Mr. Gabriel is a car allowance of \$8,400 and retirement savings assistance of \$7,969.

Incentive Plan Awards

Details relating to the equity and non-equity incentive plans is included in the Compensation Discussion and Analysis section of this Information Circular.

Outstanding Share-Based Awards and Option-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, 2012.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (Cdn\$)	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 (\$)
Richard W. Heiniger	15,000	3.11	Apr 1, 2013	-	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾
	15,000	1.31	Dec 23, 2013	-			
	15,000	0.83	Dec 22, 2014	-			
	15,000	0.99	Dec 22, 2015	-			
	15,000	0.62	Dec 22, 2016	1,658			
	600,000	0.64	Sept 6, 2017	54,277			
Steven L. Koles ⁽³⁾	100,000	1.31	Dec 23, 2013	-	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾
	14,925	1.17	Sept 30, 2014	-			
	50,075	0.83	Dec 21, 2014	-			
	75,000	0.85	Mar 31, 2015	-			
	100,000	0.99	Dec 20, 2015	-			
	100,000	0.62	Dec 20, 2016	11,056			
	50,000	0.72	May 31, 2017	503			

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (Cdn\$)	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 (\$)
Cameron B. Olson	60,000	1.31	Dec 23, 2013	-	4,773	3,575	-
	11,864	1.17	Sept 30, 2014	-			
	50,000	0.83	Dec 21, 2014	-			
	12,500	0.85	Mar 31, 2015	-			
	50,000	0.99	Dec 20, 2015	-			
	65,000	0.62	Dec 20, 2016	7,187			
	25,000	0.72	May 31, 2017	251			
Lisa M. Smith	37,000	3.11	Apr 1, 2013	-	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾
	40,000	1.31	Dec 23, 2013	-			
	35,000	0.83	Dec 21, 2014	-			
	7,500	0.85	Apr 1, 2015	-			
	30,000	0.99	Dec 20, 2015	-			
	40,000	0.62	Dec 20, 2016	4,423			
Michael L. Whitehead	40,000	1.31	Dec 23, 2013	-	4,217	3,145	-
	10,083	1.17	Sept 30, 2014	-			
	40,000	0.83	Dec 21, 2014	-			
	16,045	0.82	Feb 28, 2015	-			
	9,000	0.85	Apr 1, 2015	-			
	40,000	0.99	Dec 20, 2015	-			
	50,000	0.62	Dec 20, 2016	5,528			
Philip W. Gabriel	43,000	3.11	Apr 1, 2013	-	4,248	3,148	-
	45,000	1.31	Dec 23, 2013	-			
	40,000	0.83	Dec 21, 2014	-			
	9,000	0.85	Mar 31, 2015	-			
	47,767	0.99	Dec 20, 2015	-			
	40,000	0.62	Dec 20, 2016	4,423			

Notes:

- (1) Calculated based on the difference between the closing price of the Corporation's Common Shares on December 31, 2012 (Cdn\$0.73) and the exercise price of the options. This value is calculated based on all vested and unvested options.
- (2) These amounts represent the Corporation's contributions matching 50% of NEO purchases of Hemisphere GPS Common Shares under the Employee Share Purchase Plan, but which have not vested at December 31, 2012. These awards vest one year after the NEO purchases the Common Shares to which such Corporation-matching applies. The value is calculated based on the closing share price of the Corporation's Common Shares on December 31, 2012 (Cdn\$0.73). The value is converted to US dollars at the December 31, 2012 Bank of Canada noon day rate of \$0.9949.
- (3) Steven Koles entered into a one year transitional consulting agreement upon his resignation. Under the terms of the consulting agreement, the share options summarized above will remain outstanding but expire upon the termination of the consulting agreement.
- (4) Not a member of the Employee Share Purchase Plan at December 31, 2012.

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, 2012 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2012.

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 (\$)
Rick Heiniger	3,042	-	-
Steven L. Koles	4,446	11,019	10,006
Cameron B. Olson	2,819	5,209	10,006
Lisa M. Smith	1,755	-	55,788
Michael L. Whitehead	2,245	4,347	12,400
Philip W. Gabriel	1,828	3,868	-

Notes:

- (1) Calculated based on the difference between the closing price of the Corporation's Common Shares on the vesting date and the exercise price of the options on the vesting date. As the Corporation's share price is quoted in Canadian dollars, the value is calculated in Canadian dollars and converted to US dollars based on the average noon day foreign exchange rate for 2012, as reported by the Bank of Canada, which was \$0.9994.
- (2) Calculated based on the average price paid for the Common Shares by the Corporation during the year such Common Shares were purchased and converted to US dollars based on the average noon day foreign exchange rate for 2012, as reported by the Bank of Canada which was \$0.9994.

Pension Plan Benefits

We do not have a pension plan for our NEOs or other employees.

Termination and Change of Control Arrangements

Termination

We have entered into executive employment agreements with each of Mr. Heiniger, Mr. Olson, Ms. Smith and Mr. Gabriel. The executive employment agreements with Mr. Koles and Mr. Pendleton were terminated at the time of their resignations and therefore Mr. Koles and Mr. Pendleton have not been included in the tables below.

The agreements with Mr. Olson, Ms. Smith and Mr. Gabriel provide, *inter alia*, that if their employment is terminated for any reason, other than for just cause, they shall be entitled to certain termination payments ("**Termination Payments**").

The agreement with Mr. Heiniger does not include any provisions for Termination Payments.

Mr. Olson's agreement provides for a Termination Payment equal to the product of twelve, plus one for each completed year of service, times the monthly salary, plus 15% in lieu of benefits, to a maximum of two year's salary and benefits.

The agreements for Ms. Smith and Mr. Gabriel provide for a Termination Payment equal to one year's salary plus 15% in lieu of benefits.

Following termination, vested share options held by the NEOs on the termination date can be exercised for 30 or 90 days, depending on the date that such share options were granted. Following termination, the NEO loses the right to any unvested Common Shares purchased by Hemisphere GPS on behalf of the NEO in the Employee Share Purchase Plan, however, if termination is made by us without just cause, then the unvested Common Shares will vest immediately.

During 2012, payments to Steven Koles were disclosed in the summary compensation table on page 27. Apart from these payments, no other payments to the NEOs in respect of termination have been made, accrued or became payable during 2012.

Change in Control

The agreements for Mr. Olson and Ms. Smith provide that the NEO will not voluntarily leave the employment of Hemisphere GPS during efforts to effect a change of control, or for six months after a change of control, except with the written approval of the Board of Directors.

For all NEOs, share options that are not vested will immediately vest and become exercisable upon a change of control event until the share options expire in accordance with their terms.

The following table contains the estimated incremental payments, payables and benefits that would arise assuming a termination date of December 31, 2012, pursuant to the terms and conditions of the executive employment agreements only.

Name	Event	Cash Payments ⁽¹⁾⁽²⁾ (\$)	Value of Equity and Share-based awards ⁽³⁾ (\$)	Total (\$)
Rick Heiniger	Termination with cause	-	-	-
	Termination without cause	-	-	-
	Change of Control with: Constructive dismissal – with termination	-	-	-
	Constructive dismissal – no termination	-	-	-
Cameron B. Olson ⁽⁴⁾	Termination with cause	-	-	-
	Termination without cause	580,652	11,013	591,665
	Change of Control with: Constructive dismissal – with termination	-	11,013	11,013
	Constructive dismissal – no termination	-	-	-
Lisa M. Smith ⁽⁴⁾	Termination with cause	-	-	-
	Termination without cause	214,823	4,423	219,246
	Change of Control with: Constructive dismissal – with termination	-	4,423	4,423
	Constructive dismissal – no termination	-	-	-
Philip W. Gabriel	Termination with cause	-	-	-
	Termination without cause	237,060	7,571	244,631
	Change of Control with: Constructive dismissal – with termination	-	7,571	7,571
	Constructive dismissal – no termination	-	-	-

Notes:

- (1) This table includes only the incremental amounts payable on termination and change of control that are payable by contract with the NEOs.
- (2) Amounts for NEOs compensated in Canadian dollars are converted to US dollars using the Bank of Canada noon day rate on December 31, 2012 which was \$0.9949.
- (3) The value of share options that vest upon change of control are calculated as the difference between the closing price of the Corporation's Common Shares on December 31, 2012 (Cdn\$0.73) and the exercise price of the options. The value is converted to US dollars at the December 31, 2012 Bank of Canada noon day rate of \$0.9949.
- (4) In connection with the restructuring initiated by the Corporation during 2012, and the closure of the Calgary location, the positions for Mr. Olson and Ms. Smith are being replaced in the Hiawatha, Kansas location resulting in their termination without cause. As a result, the Termination Payments for these NEOs will be paid at the termination of their employment on May 31, 2013.

Director Compensation

Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2012, information concerning the compensation paid to our Directors other than Directors who are also Named Executive Officers.

Name	Fees earned (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Michael J. Lang	78,453	-	-	-	-	-	78,453
Barry D. Batcheller	27,974	202	-	-	-	-	28,176
Paul G. Cataford	42,250	229	-	-	-	-	42,479
John M. Tye III	38,976	-	-	-	-	-	38,976
Mark Anderson	26,729	-	-	-	-	-	26,729

Notes:

- (1) Share-based awards represent Corporation matching of half of director purchases of Hemisphere GPS Common Shares under the Employee Share Purchase Program. The value is based on the amount paid by the Corporation to purchase the Common Shares on behalf of the director on the grant date, which is the date of the director purchases of the Common Shares, although such awards do not vest for one year following the director purchase of the Common Shares. In 2012, the Corporation suspended matching from September 1 to December 31.
- (2) Share options granted to Directors are valued based on the grant date fair value of the applicable share option grant. Fair value is determined in a manner consistent with that used in preparing the Corporation's consolidated financial statements. This approach uses the Black-Scholes option pricing model with the following weighted average assumptions: zero dividend yield; weighted average volatility of 62%; risk-free rate of 2.16%; pre-vest forfeiture rate of 12.4% and stock option expected life of 3.5 years.

Directors who are also executive officers of Hemisphere GPS do not receive compensation for acting in their capacities as Directors.

Directors who are not executive officers receive compensation for serving in their capacity as such as determined by the Compensation Committee. The key elements of the compensation of Directors in 2012 are as follows:

- Directors fees - Cdn\$19,500 per year for each Director;
- Chairman retainers are paid as follows:
 - Chairman of the Board – Cdn\$47,500 per year;
 - Vice-Chairman – Cdn\$7,500 per year, which was discontinued following the resignation of Richard Heiniger from the position of Vice-Chairman on September 4, 2012 and his appointment as President and CEO;
 - Audit Committee Chairman – Cdn\$8,500 per year;
 - Compensation Committee Chairman – Cdn\$5,000 per year; and
 - Corporate Governance Committee Chairman – Cdn\$5,000 per year.
- Meeting fees – Cdn\$1,000 for each board or committee meeting; and
- All Directors are reimbursed for out-of-pocket expenses incurred in connection with the performance of their duties.

In establishing the Directors' compensation for 2012, the Compensation Committee reviewed an internally developed survey of the following small-cap technology companies compiled in late 2011 based on regulatory filings available at that time:

Canadian-Listed Companies:

20-20 Technologies Inc.	Axia Netmedia Corporation	Computer Modeling Group
Cyberplex Inc.	Dragonwave Inc.	Gennum Corporation
GuestLogix Inc.	Intermap Technologies Corporations	Peer 1 Network Enterprises, Inc.
Aastra Technologies Ltd.	Pure Technologies Ltd.	Redknee Solutions Inc.
Sierra Wireless, Inc.	TIO Networks Corp.	TransGaming Inc.
Vecima Networks, Inc.	Webtech Wireless Inc.	Wi-Lan Inc.
Wireless Matrix Corporation	Zedi Inc.	

United States-Listed Companies:

Digimarc Corporation	Maxwell Technologies Inc.	Openwave Systems Inc.
Opnet Technologies, Inc.	Raven Industries, Inc.	Sierra Wireless, Inc.
Trimble Navigation Limited	Universal Display Corporation	

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth for each of our Directors other than Directors who are also Named Executive Officers, all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2012.

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 (\$)
Michael J. Lang	15,000	3.11	Apr 1, 2013	-	N/A ⁽³⁾	N/A ⁽³⁾	N/A ⁽³⁾
	15,000	1.31	Dec 23, 2013	-			
	15,000	0.83	Dec 22, 2014	-			
	15,000	0.99	Dec 22, 2015	-			
	15,000	0.62	Dec 22, 2016	-			
Barry D. Batcheller	15,000	3.11	Apr 1, 2013	-	290	202	-
	15,000	1.31	Dec 23, 2013	-			
	15,000	0.83	Dec 22, 2014	-			
	15,000	0.99	Dec 22, 2015	-			
	15,000	0.62	Dec 22, 2016	-			
Paul G. Cataford	15,000	3.11	Apr 1, 2013	-	326	229	-
	15,000	1.31	Dec 23, 2013	-			
	15,000	0.83	Dec 22, 2014	-			
	15,000	0.99	Dec 22, 2015	-			
	15,000	0.62	Dec 22, 2016	-			
Mark Anderson	-	-	-	-	N/A ⁽³⁾	N/A ⁽³⁾	N/A ⁽³⁾
John M. Tye III	15,000	3.11	Apr 1, 2013	-	N/A ⁽³⁾	N/A ⁽³⁾	N/A ⁽³⁾
	15,000	1.31	Dec 23, 2013	-			
	15,000	0.83	Dec 22, 2014	-			
	15,000	0.99	Dec 22, 2015	-			
	15,000	0.62	Dec 22, 2016	-			

Notes:

- (1) Calculated based on the difference between the closing price of the Corporation's Common Shares on December 31, 2012 (Cdn\$0.73) and the exercise price of the options. This value is calculated based on all vested and unvested options.
- (2) Barry Batcheller and Paul Cataford participate in the Employee Share Purchase Program.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our Directors other than Directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2012 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2012.

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 (\$)
Michael J. Lang	\$666	-	-
Barry D. Batcheller	\$666	-	-
Paul G. Cataford	\$666	-	-
Mark Anderson	-	-	-
John M. Tye III	\$666	-	-

Notes:

- (1) Calculated based on the difference between the closing price of the Corporation's Common Shares on the vesting date and the exercise price of the options on the vesting date. As the Corporation's share price is quoted in Canadian dollars, the value is calculated in Canadian dollars and converted to US dollars based on the average noon day foreign exchange rate for 2012, as reported by the Bank of Canada, which was \$0.9994.
- (2) Barry Batcheller and Paul Cataford commenced participation in the Employee Share Purchase Program during 2012. As Corporation matching Common Shares vest one year after the director contribution, no Common Shares vested during 2012. The other directors do not participate in the Employee Share Purchase Program.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2012.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights⁽¹⁾ (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))⁽¹⁾ (c)
Equity compensation plans approved by securityholders	5,028,200	\$1.09	1,612,221
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	5,028,200	\$1.09	1,612,221

Note:

- (1) The Share Option Plan has a rolling maximum/evergreen limit for the issuance of share options up to, but not in excess of 10% of outstanding Common Shares. At December 31, 2012, there were 66,404,215 Common Shares outstanding, providing a share option limit of 6,640,421 share options of which 5,028,200 share options are outstanding representing 7.6% of the outstanding number of Common Shares.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

There was no indebtedness owing to us or any of our subsidiaries from executive officers, Directors, employees or former executive officers, Directors or employees of the Corporation or any of our subsidiaries during the year ended December 31, 2012 or at April 2, 2013.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AT THE MEETING

Management are not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise of any Director or executive officer who has held office as such since the beginning of our last financial year, any proposed Director, 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, the appointment of Auditors or except as disclosed elsewhere in this Information Circular.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of any proposed Director of the Corporation, or any Informed Person (as defined in National Instrument 51-102) of the Corporation or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

OTHER MATTERS

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

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Financial information is provided in our comparative annual financial statements and management discussion and analysis for our most recently completed financial year. We will provide, without charge to a security holder, a copy of Hemisphere GPS' latest annual information form, the 2012 annual report to shareholders containing comparative annual financial statements for the year ended December 31, 2012 together with the auditors' report thereon and management's discussion and analysis, interim financial statements for subsequent periods, and this Information Circular upon request to the Chief Financial Officer, 4110 – 9th Street S.E., Calgary, Alberta, T2G 3C4. If you wish, this information may also be accessed on Hemisphere GPS' website (www.hemispheregps.com) or on SEDAR at www.sedar.com.

CORPORATE GOVERNANCE

Corporate governance disclosures and policies required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**National Instrument 58-101**") are attached to this Information Circular as "Schedule A".

SCHEDULE A

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance disclosures are required by National Instrument 58-101 to be included in this Information Circular.

- **Board of Directors**

Disclose the identity of directors who are independent.

Barry D Batcheller, Paul G. Cataford, Michael J. Lang, John Tye III and Mark Anderson are independent within the meaning of National Instrument 58-101. These Directors are not a part of the Hemisphere GPS management and do not have any direct or indirect material relationship with the Corporation which could or could reasonably be expected to interfere with the exercise of the Directors' independent judgement.

Disclose the identity of directors who are not independent, and describe the basis for that determination.

Richard W. Heiniger was appointed President and Chief Executive Officer of the Corporation on September 4, 2012 and as a result is not an independent director. For the period January 1 to September 4, 2012, Mr. Heiniger was an independent director.

Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.

A majority of the Directors are independent. There are currently six Directors in total, five of whom are independent.

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Michael Lang	N/A
Mark Anderson	N/A
Barry Batcheller	N/A
Paul Cataford	A member of the board of Sierra Wireless Inc.
Richard Heiniger	N/A
John Tye III	N/A

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

The Compensation Committee, the Audit Committee and the Corporate Governance Committee are all composed entirely of independent Directors. These committees hold regular meetings without the attendance of non-independent Directors.

The Board has a standing or regular agenda item in all Board meetings where the Directors meet alone, apart from the management of the Corporation.

Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

The chair of the Board, Michael Lang, (the "**Chairman**") is an independent Director within the meaning of National Instrument 58-101. The Board has established a position description for the Chairman, that provides the following role and responsibilities:

- The Chairman shall, when present, preside at all meetings of the Board and, unless otherwise determined by the Directors, at all meetings of shareholders.
- The Chairman shall endeavour to provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit.
- To the extent that it is reasonably practicable, the Chairman will provide advice, counsel and mentorship to the CEO, committee chairs, and fellow Directors.
- The Chairman shall be responsible to ensure that Board meetings function satisfactorily and that the tasks of the Board are handled in the most reasonable fashion under the circumstances. In this connection, it is recommended that the Chairman attempt to ensure that the individual Director's particular knowledge and competence are used in the best possible manner for the Board for the benefit of the Corporation. The Chairman shall endeavour to encourage full participation and discussion by individual Directors, stimulate debate, facilitate consensus and ensure that clarity regarding decisions is reached and duly recorded.
- The Chairman shall endeavour to ensure that the Board's deliberations take place when all of the Directors are present and, to the extent that is reasonably practicable, to ensure that all essential decisions are made when all of the Directors are present.
- The Chairman shall encourage Board members to ask questions and express viewpoints during meetings.
- The Chairman shall deal effectively with dissent and work constructively towards arriving at decisions and achieving consensus.
- The Chairman shall endeavour to ensure that the independent members of the Board meet in separate, regularly scheduled, non-management closed sessions with internal personnel or outside advisors, as needed or appropriate.
- The Chairman shall endeavour to establish a line of communication with the CEO of the Corporation to ensure that Board meetings can be scheduled to deal with important business that arises outside of the regular quarterly meetings.
- The Chairman shall endeavour to fulfill his or her Board leadership responsibilities in a manner that will ensure that the Board is able to function independently of management. The Chairman shall consider, and provide for meetings of all of the independent Directors without management being present. The Chairman shall endeavour to ensure reasonable procedures are in place to allow for

- Directors to engage outside advisors at the expense of the Corporation in appropriate circumstances, subject to the approval of the Corporate Governance Committee.
- The Chairman shall endeavour to ensure that the Board meets at least four times annually and as many additional times as necessary to carry out its duties effectively and shall endeavour to ensure that the shareholders meet at least once annually and as many additional times as required by law.
 - With respect to meetings of Directors or shareholders, it is the duty of the Chairman to enforce the Rules of Order. These duties include:
 - ensuring that the meeting is duly constituted;
 - ensure the meeting provides for reasonable accommodation;
 - confirming the admissibility of all persons at the meeting;
 - preserving order and the control of the meeting;
 - in respect of shareholders' meetings, appointing scrutineers if requested and instruct them in their duties;
 - rule on the validity of proxies;
 - to ascertain the sense of the meeting by a vote on all questions properly brought before the meeting;
 - The Chairman shall liaise with the Corporate Secretary of the Corporation to ensure that a proper notice and agenda has been disseminated, and that appropriate accommodations have been made for all Board and shareholder meetings and shall also liaise with the committee chairs, other Directors, the CEO and outside advisors, as appropriate, to establish the agenda for each Board meeting.
 - The Chairman shall also endeavour to:
 - ensure that the boundaries between the Board and management responsibilities are clearly understood and respected and that relationships between the Board and management are conducted in a professional and constructive manner;
 - facilitate effective communication between Directors and management, both inside and outside of Board meetings;
 - actively participate and oversee the administration of the annual evaluation of performance and effectiveness of the Board, Board committees, all individual Directors, committees chairs (other than the Board chair or any committee upon which the Board sits as the chair) and CEO;
 - when appropriate, assist Directors in their transition from the Board, and to support the orientation of new Directors and the continuing education of current Directors; and
 - to ensure that an annual performance evaluation of the Board chair (and any committee upon which the Board sits as the chair) is conducted, soliciting input from all Directors and appropriate members of management and to carry out any other appropriate duties and responsibilities as may be assigned by the Board from time to time.

Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

	Board Meetings	Audit Committee Meetings	Compensation Committee Meetings	Corporate Governance Committee Meetings
Michael J. Lang	100%	100%	N/A	N/A
Mark Anderson	100%	N/A	N/A	N/A
Barry D. Batcheller	100%	N/A	100%	N/A
Paul G. Cataford	89%	100%	N/A	100%
Richard W. Heiniger	100%	N/A	N/A	N/A
John M. Tye III	100%	100%	N/A	100%

Mark Anderson was appointed a member of the Board of Directors on January 31, 2012. He was in attendance at Board of Directors meetings after that date.

Howard W. Yenke resigned from his position as a director on May 29, 2012. Prior to that time, Mr. Yenke attended 100% of the Board of Directors and Compensation Committee Meetings.

Steven L. Koles resigned from his position as a director on September 4, 2012. Prior to that time, Mr. Koles attended 100% of the Board of Directors Meetings.

- **Board Mandate – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.**

The Mandate of the Board is attached to this Information Circular as Schedule B.

- **Position Descriptions**

Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board has developed a position description for the Chairman and the chair of each Board Committee. The Board has also developed specific Terms of Reference for each of its standing committees ("**Terms of Reference**"). The Terms of Reference describe the functions and responsibilities of the committees and by inference their chairs' roles. The Terms of Reference for the Audit Committee, Compensation Committee and Corporate Governance Committee are attached to this Information Circular as Schedule C, Schedule D and Schedule E, respectively.

Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board and the CEO have developed a written position description for the CEO.

- **Orientation and Continuing Education**

Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.

The Corporate Governance Committee, by its terms of reference (as attached as Schedule E to this Information Circular) is responsible to develop an orientation and education program for new recruits to the Board. The committee assesses new Directors' knowledge of the Corporation's business (products, industries, technologies, competition, etc.), identifies areas where more information is necessary, and provides that information through reference materials, meetings with staff, and through other means. In addition, the Corporate Governance Committee provides new Directors with copies of the Board's mandate, the standing committees' Terms of Reference, and other documentation.

Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Board members pursue continuing education opportunities as considered appropriate by the particular Board member. In order to ensure that the Board remains knowledgeable about relevant technologies and industries, Board members receive regular technical or other relevant presentations as part of Board meetings and otherwise as considered necessary, and tour Hemisphere GPS' facilities.

- **Ethical Business Conduct**

Disclose whether or not the board has adopted a written code for the directors, officers and employees.

The Board has adopted a written Code of Conduct ("Code") for all Directors, officers and employees.

If the board has adopted a written code:

- (i) **Disclose how a person or company may obtain a copy of the code**

The Code is posted on Hemisphere GPS' internal and external Internet websites, and has been filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

- (ii) **Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code**

All Hemisphere GPS Directors, officers and employees annually sign a form saying they are in compliance with the Code. The Code includes specific procedures for anyone wanting to report a perceived violation of the Code. In addition, the Corporation has a "Financial Concerns Submission Policy" that outlines those procedures and that is available to all employees and Directors. These procedures include access to an anonymous "whistle-blower hotline and website" (overseen by a third-party organization) that relays Code concerns directly to the Audit Committee. The Audit Committee has a standing or regular item on its meeting agendas to ensure that any submissions to the "whistle-blower hotline and website" are addressed promptly and thoroughly.

- (iii) **Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There were no material change reports filed pertaining to any departures from the Code.

Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Board members and executive officers are required to declare the nature and extent of any material interest in any transactions or agreements and may not vote in relation to any such matter. In certain cases an independent committee may be formed to deliberate on such matters in the absence of the interested party.

Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

Due to the fact that Hemisphere GPS has a Code, an effective procedure for monitoring and enforcing the Code, a Board Mandate, a Board chairman position description, and committee Terms of Reference, the Board sees no need at this time for additional steps.

- **Nomination of Directors**

Describe the process by which the board identifies new candidates for board nomination.

The Board's Corporate Governance Committee is responsible to develop and maintain a list of potential candidates for Board membership when necessary, and to review, interview, and recommend nominees to the full Board. Other Board members and management may also provide recommendations for nominees.

Nominees must possess general business management experience, together with specific experience in areas of strategic interest to Hemisphere GPS. Nominees must also be willing and able to devote the required time and energy to Board responsibilities, and to support the Corporation's mission and strategic objectives.

Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The Board has a Corporate Governance Committee, which is responsible for nominating Directors, which is comprised of two independent Directors.

If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Board's Corporate Governance Committee, when the need for Board nominations arises, compiles and reviews a list of potential Board members and makes recommendations to the Board. See the Corporate Governance Committee's Term of Reference in the attached section E.

- **Compensation**

Describe the process by which the board determines the compensation for the issuer's directors and officers.

The Compensation Committee is responsible to review Directors' and officers' compensation, and where appropriate to make recommendations to change the compensation. To make its recommendations, the Compensation Committee takes into account, among other factors, the nature and amount of compensation paid to Directors and officers of comparable publicly traded Canadian companies and the circumstances of the Corporation. The details of such comparisons are more fully described in the Executive Compensation section of this Information Circular.

Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The Board has a Compensation Committee, which is comprised of two independent Directors.

If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Compensation Committee is charged with the responsibility to oversee the approach of the Corporation to matters concerning Director, executive and employee compensation and, from time to time, to make recommendations to the Board of Directors with respect to such matters. See the Compensation Committee's Terms of Reference in the attached Schedule D.

- **Other Board Committees**

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has a Corporate Governance Committee. The Committee's functions and responsibilities are outlined in the Terms of Reference attached as Schedule E to this Information Circular.

- **Assessments**

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Corporate Governance Committee is responsible by its Terms of Reference for periodically assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual Directors. The Committee conducts an annual review through the completion of a survey by each Director. In the survey, the Directors assess their own performance and that of their colleagues. The resulting information is summarized in confidential form with the results provided to the Chairman and each Director for review.

SCHEDULE B

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "**Board**") of the Corporation is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Corporation. In general terms, the Board will:

- A. in consultation with the chief executive officer of the Corporation (the "CEO"), define the principal objective(s) of the Corporation;
- B. supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objective(s) as defined by the Board;
- C. discharge the duties imposed on the Board by applicable laws; and
- D. for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board, through discussion with the CEO and other management, will perform the following duties:

Strategic Direction, Operating, Capital and Financial Plans

- a. require the CEO to present annually to the Board a strategic business plan for the Corporation's business, which must:
 - (i) be designed to achieve the Corporation's principal objectives,
 - (ii) identify the principal strategic and operational opportunities and risks of the Corporation's business, and
 - (iii) be approved by the Board as a pre-condition to the implementation of such plan;
- b. review the principal risks of the Corporation's business and the steps the Corporation is undertaking to manage these risks;
- c. approve the annual operating and capital plans;
- d. approve issuances of additional common shares or other securities to the public;
- e. monitor the Corporation's progress towards its goals as established in the strategic, operating and capital plans, and to revise and alter its direction through management in light of changing circumstances;

Management and Organization

- f. appoint the CEO and determine the terms of the CEO's employment with the Corporation;
- g. in consultation with the CEO, develop a position description for the CEO;
- h. evaluate the performance and integrity of the CEO periodically;
- i. in consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Corporation's business;

- j. in consultation with the CEO, appoint all officers of the Corporation and approve the terms of each officer's employment with the Corporation;
- k. receive periodically from the CEO the CEO's evaluation of the performance of each senior officer who reports to the CEO;
- l. develop a system under which succession to senior management positions will occur in a timely manner;
- m. approve any proposed significant change in the management organization structure of the Corporation;
- n. approve all retirement plans, if any, for officers and employees of the Corporation;
- o. in consultation with the CEO, establish a communications policy for the Corporation;
- p. generally provide advice and guidance to management;

Finances and Controls

- q. discuss with management the Corporation's systems to manage the risks of the Corporation's business and whether such systems are appropriate in the circumstances;
- r. consider the appropriateness of the Corporation's capital structure;
- s. review with management the procedures and controls in place to ensure that the financial performance of the Corporation is properly reported to shareholders, other security holders and regulators on a timely and regular basis and whether such systems are appropriate in the circumstances;
- t. in consultation with the CEO, promote a culture of integrity for the Corporation and establish the ethical standards to be observed by all officers and employees of the Corporation and a process to monitor compliance with those standards;
- u. review with management the processes and systems designed to ensure compliance with applicable laws by the Corporation and its officers and employees and whether such systems are appropriate in the circumstances;
- v. review with management the steps taken by the Corporation to maintain the integrity of internal control and information systems, including maintenance of all required records and documentation;
- w. review and approve material contracts to be entered into by the Corporation;
- x. recommend to the shareholders of the Corporation a firm of chartered accountants to be appointed as the Corporation's auditors;
- y. take all necessary actions to gain reasonable assurance that all financial information made public by the Corporation (including the Corporation's annual and quarterly financial statements) is accurate and complete and represents fairly the Corporation's financial position and performance;

Governance

- z. in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;
- aa. facilitate the continuity, effectiveness and independence of the Board by, amongst other things,
 - (i) selecting nominees for election to the Board,

- (ii) appointing a Chairman of the Board who is not a member of management;
- (iii) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,
- (iv) defining the terms of reference of each committee of the Board,
- (v) implementing processes to assess the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director,
- (vi) establishing a system to enable any director to engage an outside adviser at the expense of the Corporation;

bb. review periodically the adequacy and form of the compensation of directors;

Delegation

cc. the Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board;

Meetings

dd. the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair and, unless impracticable, all board members are expected to attend all board meetings and review all board materials in advance of all meetings;

ee. minutes of each meeting shall be prepared;

ff. the Chief Executive Officer or his designate(s) may be present at all meetings of the Board;

gg. Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board;

hh. directors will formally declare any conflicts of interest to the Board, including the nature and extent of any material interest in any transactions or agreements, and except in respect of matters exempted pursuant to subsection 120(6) of the Business Corporations Act (Alberta), will refrain from voting in relation to such matters;

ii. if requested by any director, the members of the Board who are not members of the Corporation's management, will meet separately from directors who are members of management, to discuss any matters raised by the director requesting the separate meeting;

jj. if requested by any director, the members of the Board who do not have a material interest in a transaction or agreement, will meet separately from directors who have such a material interest, to discuss any matters raised by the director requesting the separate meeting;

Report/Authority

kk. following each meeting, the secretary of such meeting will promptly report to the Board by way of providing draft copies of the minutes of the meetings.

SCHEDULE C

AUDIT COMMITTEE TERMS OF REFERENCE

1. **Establishment of Audit Committee:** The board of directors (the "Board") hereby establish a committee to be called the Audit Committee (the "Committee").
2. **Membership:** The Committee shall be composed of three members or such greater number as the Board may from time to time determine, all of whom shall be "independent", as such term is defined in Multilateral Instrument 52-110, "Audit Committees" ("MI 52-110"). Members shall be appointed periodically from among the "independent" members of the Board. All members of the Committee shall be financially literate, being defined under MI 52-110 and herein as having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Corporation's financial statements.
3. **Mandate:** The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities.

Audit Committee Purpose

Through discussion with management and the external auditors of the Corporation, the Audit Committee will be responsible to:

- Monitor the management of the principal risks that could impact the financial reporting of the Company;
- Monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- Oversee and monitor the independence and performance of the Company's external auditors;
- Provide an avenue of communication among the external auditors, management and the Board of Directors, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- Encourage adherence to, and continuous improvement of, the Company's policies, procedures, and practices at all levels;
- Monitor compliance with legal and regulatory requirements; and
- Ensure that effective procedures are in place for the anonymous submission, receipt, retention and treatment of complaints and concerns regarding accounting, internal control and auditing matters.

Audit Committee Duties and Responsibilities

Primarily through review and discussion with management and the external auditors, the Audit Committee is responsible to:

Review Procedures

- (a) Review periodically the Committee's Terms of Reference;
- (b) Review the Company's annual audited financial statements and related documents, including the press release and MD&A, prior to filing or distribution. Review should include discussion with

management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments;

- (c) Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (d) Review any significant disagreements among management and the independent auditors in connection with the preparation of the financial statements;
- (e) Periodically, in consultation with management and external auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures;
- (f) Review risk management policies and procedures of the Company (i.e., litigation and insurance);
- (g) Periodically review and assess the adequacy of the procedures that are in place for the review of the Company's public disclosure of financial information extracted from or derived from the Company's financial statements;
- (h) Review significant findings prepared by the external auditors together with management's responses;
- (i) Review the principal risks affecting financial reporting;
- (j) Review with financial management and the external auditors, and approve, the company's quarterly financial results and related documents, including the quarterly press releases and MD&A, prior to the public release. By approval of these Terms of Reference for the Audit Committee, the Board delegates the authority to approve these documents on behalf of the Board;
- (k) Discuss any significant changes to the Company's accounting principles prior to their adoption. The Chair of the Committee may represent the entire Audit Committee for purposes of this review;

External Auditors

- (l) The external auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the shareholders. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the external auditors or approve any discharge of auditors when circumstances warrant;
- (m) Approve the fees and other significant compensation to be paid to the external auditors;
- (n) On an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence;
- (o) Review the external auditors' audit plan - discuss and approve audit scope, staffing, locations, reliance upon management, and general audit approach;
- (p) Prior to releasing the year-end financial results, discuss the results of the audit with the external auditors. Discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants;

- (q) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting;
- (r) Approve all non-audit services to be provided to the Corporation by the external auditors' firm, prior to such services being performed, except that by approval of these terms of reference, the Audit Committee hereby approves the following non-audit services to be provided by the external auditors:
 - (i) Tax services connected with the preparation of the Corporation's tax returns, or the tax returns of any of its subsidiaries; and
 - (ii) Due diligence and tax services connected with any mergers, acquisitions or dispositions being considered by the Corporation;
- (s) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present or former auditors;
- (t) When there is to be a change in external auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

Legal Compliance

- (u) On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and

Other Audit Committee Responsibilities

- (v) Periodically assess the effectiveness of the committee against its terms of reference and report the results of the assessment to the Board.

4. Administrative Matters: The following general provisions shall have application to the Committee:

- (a) The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties;
- (b) Two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
- (c) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its independent members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;
- (d) The Committee shall meet at least four times per year and/or as deemed appropriate by the Chair;
- (e) If deemed necessary by the Chair, agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings;

- (f) Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chief Executive Officer by the Board Chair;
- (g) The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee;
- (h) The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board;
- (i) Unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman;
- (j) Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

SCHEDULE D

COMPENSATION COMMITTEE TERMS OF REFERENCE

1. **Establishment of Compensation Committee:** The board of directors (the "Board") hereby establish a committee to be called the Compensation Committee (the "Committee").
2. **Membership:** The Committee shall be composed of two members or such greater number as the Board may from time to time determine, of whom the majority shall be "independent" directors as defined in Multilateral Instrument 52-110 "Audit Committees". Members shall be appointed periodically from among the members of the Board.
3. **Mandate:** The Committee shall, in addition to any other duties and responsibilities specifically delegated to it by the Board, generally assume responsibility for overseeing the approach of the Corporation to matters concerning director, executive and employee compensation and, from time to time, shall review and make recommendations to the Board as to such matters. Specifically, the Committee will have the authority and responsibility for:
 - (a) reviewing on a periodic basis the compensation of the Board, considering whether such compensation is appropriate in the circumstances giving consideration to the market for companies of similar size and nature, and to the circumstances of the Corporation, and recommending to the Board changes in director compensation based upon such review;
 - (b) reviewing on a periodic basis the compensation of the Senior Executives of the Corporation, considering whether such compensation is appropriate in the circumstances giving consideration to the market for companies of similar size and nature, and to the circumstances of the Corporation, and recommending to the Board changes in executive compensation based upon such review;
 - (c) reviewing, on a periodic basis the compensation program of the Corporation, considering whether such compensation is appropriate in the circumstances giving consideration to the market for companies of similar size and nature, and to the circumstances of the Corporation, and approving changes to the compensation program. For this purpose, the compensation program of the Corporation will include salaries, benefit programs, stock-based compensation programs, incentive compensation programs, and all other items impacting the compensation of all employees of the Corporation;
 - (d) make recommendations to the board of directors regarding appointments of corporate officers and senior management;
 - (e) monitoring the human resources practices of the Corporation, including the development and implementation of policies, performance management and other processes impacting employee recruitment and retention;
 - (f) reviewing corporate goals and objectives relevant to Chief Executive Officer compensation and together with the independent directors determine and approve the Chief Executive Officer's compensation based on evaluation from the Chairman of the Board;
 - (g) making recommendations to the board of directors with respect to compensation of executive officers other than the Chief Executive Officer and incentive compensation and equity based plans that are subject to board approval;
 - (h) reviewing annually and recommending for approval to the board of directors the executive compensation disclosure and "Report of the Compensation Committee" disclosure of the Corporation in its information circular; and

- (i) reviewing periodically the Committee's Terms of Reference.

4. **Administrative Matters:** The following general provisions shall have application to the Committee:

- (a) the Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation;
- (b) two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
- (c) any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;
- (d) the Committee shall meet at least two times per year and/or as deemed appropriate by the Chair;
- (e) if deemed necessary by the Chairman, agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings;
- (f) any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chief Executive Officer by the Board Chair;
- (g) the Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee;
- (h) the time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board;
- (i) unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman. Notwithstanding the foregoing, in all circumstances the Chairman must be an independent director, unrelated to the Corporation; and
- (j) minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

SCHEDULE E

CORPORATE GOVERNANCE COMMITTEE TERMS OF REFERENCE

1. **Establishment of Corporate Governance Committee:** The board of directors (the "Board") hereby establish a committee to be called the Corporate Governance Committee (the "Committee").
2. **Membership:** The Committee shall be composed of two members or such greater number as the Board may from time to time determine, of whom the majority shall be outside directors and unrelated to the Corporation. Members shall be appointed periodically from among the members of the Board.
3. **Mandate:** The Committee shall, in addition to any other duties and responsibilities specifically delegated to it by the Board, generally assume responsibility for developing the approach of the Corporation to matters concerning corporate governance and, from time to time, shall review and make recommendations to the Board as to such matters. Specifically, the Committee will have the authority and responsibility for:
 - (a) periodically review the mandates of the Board and the terms of reference of its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
 - (b) preparing and recommending to the Board periodically a statement of corporate governance practices to be included in the Corporation's annual report or information circular as required by the Toronto Stock Exchange or any other regulatory authority;
 - (c) to make recommendations to the Board as to which directors should be classified as "independent" directors or "non-independent" directors pursuant to any such report or circular;
 - (d) reviewing on a periodic basis the composition of the Board and considering whether an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;
 - (e) assessing, periodically, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;
 - (f) developing a list of potential candidates for Board membership when required and where appropriate, interviewing potential candidates for board membership;
 - (g) to develop for approval by the Board, when necessary, an orientation and education program for new recruits to the Board;
 - (h) to act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
 - (i) to develop and recommend to the Board for approval and periodically review structures and procedures designed such that the Board can function independently of management;
 - (j) review periodically the Committee's Terms of Reference; and
 - (k) to review and consider the engagement at the expense of the Corporation of professional and other advisors by any individual director when so requested by any such director.

4. **Administrative Matters:** The following general provisions shall have application to the Committee:
- (a) the Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation;
 - (b) two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
 - (c) any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;
 - (d) members should have or obtain sufficient knowledge of the Corporation's corporate governance requirements to assist in providing advice and counsel on ongoing compliance and improvements to the Corporation's corporate governance activities;
 - (e) the Committee shall meet at least two times per year and/or as deemed appropriate by the Chair;
 - (f) if deemed necessary by the Chairman, agendas, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings;
 - (g) any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chief Executive Officer by the Board Chair;
 - (h) the Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee;
 - (i) the time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board;
 - (j) unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman. Notwithstanding the foregoing, in all circumstances the Chairman must be an outside director, unrelated to the Corporation; and
 - (k) minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

SCHEDULE F
NEW BYLAWS

GENERAL BY-LAW

BY-LAW NO. 1

A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF

HEMISPHERE GPS INC.

(hereinafter called the "Corporation")

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

DIVISION ONE INTERPRETATION

1.01 In the by-laws of the Corporation, unless the context otherwise specifies or requires:

- a. "Act" means the *Business Corporations Act* of Alberta, as from time to time amended and every statute that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;
- b. "appoint" includes "elect" and vice versa;
- c. "articles" means the articles of incorporation or continuance of the Corporation, as from time to time amended or restated;
- d. "board" means the board of directors of the Corporation;
- e. "business day" means a day which is not a non-business day;
- f. "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- g. "meeting of shareholders" includes an annual and a special meeting of shareholders;
- h. "non-business day" means Saturday, Sunday and any other day that is a holiday as from time to time defined in *The Interpretation Act* of Alberta;
- i. "Regulations" means the regulations under the Act as published or from time to time amended and every regulation that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefore in the new regulations;
- j. "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by virtue of section 3.01 of this by-law or by a resolution passed pursuant thereto; and

- k. "special meeting of shareholders" means a meeting of any particular class or classes of shareholders and a meeting of all shareholders entitled to vote at any annual meeting of shareholders at which special business is to be transacted.

Save as aforesaid, all terms which are contained in the by-laws of the Corporation and which are defined in the Act or the Regulations shall, unless the context otherwise specifies or requires, have the meanings given to such terms in the Act or the Regulations. Words importing the singular number include the plural and vice versa; the masculine shall include the feminine; and the word "person" shall include an individual, partnership, association, body corporate, body politic, trustee, executor, administrator and legal representative.

Headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

DIVISION TWO BANKING AND SECURITIES

2.01 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations or any other persons as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of power as the board may from time to time prescribe or authorize.

2.02 Voting Rights in Other Bodies Corporate

The signing officers of the Corporation may execute and deliver instruments of proxy and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of such voting certificates or evidence of the right to exercise such voting rights. In addition, the board, or failing the board, the signing officers of the Corporation, may direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

DIVISION THREE EXECUTION OF INSTRUMENTS

3.01 Authorized Signing Officers

Unless otherwise authorized by the board, deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two of the president, chairman of the board, managing director, any vice-president, any director, secretary, treasurer, any assistant secretary or any assistant treasurer or any other officer created by by-law or by the board. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer

may affix the corporate seal to any instrument requiring the same, but no instrument is invalid merely because the corporate seal is not affixed thereto.

3.02 Cheques, Drafts and Notes

All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or person or persons, whether or not officers of the Corporation, and in such manner as the board may from time to time designate by resolution.

DIVISION FOUR
DIRECTORS

4.01 Number

The board shall consist of such number of directors as is fixed by the articles, or where the articles specify a variable number, shall consist of such number of directors as is not less than the minimum nor more than the maximum number of directors provided in the articles and as shall be fixed from time to time by resolution of the shareholders.

4.02 Election and Term

Subject to the articles or a unanimous shareholder agreement, the election of directors shall take place at each annual meeting of shareholders and all of the directors then in office, unless elected for a longer period of time (not to exceed the close of the third (3rd) annual meeting of shareholders following election), shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, subject to the articles or a unanimous shareholder agreement, be the number of directors then in office, or the number of directors whose terms of office expire at the meeting, as the case may be, except that, if cumulative voting is not required by the articles and the articles otherwise permit, the shareholders may resolve to elect some other number of directors. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. If the articles provide for cumulative voting, each director elected by shareholders (but not directors elected or appointed by creditors or employees) ceases to hold office at the annual meeting and each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him multiplied by the number of directors he is entitled to vote for, and he may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. If he has voted for more than one candidate without specifying the distribution among such candidate, he shall be deemed to have divided his votes equally among the candidates for whom he voted.

4.03 Removal of Directors

Subject to the Act and the articles, the shareholders may by ordinary resolution passed at a special meeting remove any director from office, except a director elected by employees or creditors pursuant to the articles or a unanimous shareholder agreement, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board. However, if the articles provide for cumulative voting, no director shall be removed pursuant to this section where the votes cast

against the resolution for his removal would, if cumulatively voted at an election of the full board, be sufficient to elect one or more directors.

4.04 Consent

A person who is elected or appointed a director is not a director unless:

- a. he was present at the meeting when he was elected or appointed and did not refuse to act as a director, or
- b. if he was not present at the meeting when he was elected or appointed:
 - i. he consented in writing to act as a director before his election or appointment or within ten (10) days after it, or
 - ii. he has acted as a director pursuant to the election or appointment.

4.05 Vacation of Office

A director of the Corporation ceases to hold office when:

- a. he dies or resigns;
- b. he is removed in accordance with section 109 of the Act; or
- c. he becomes disqualified under subsection 105(1) of the Act.

4.06 Committee of Directors

The directors may appoint from among their number a managing director, who must be a resident Canadian, or a committee of directors, however designated, of which at least one-quarter of the members must be resident Canadians, and subject to section 115 of the Act may delegate to the managing director or such committee any of the powers of the directors. A committee may be comprised of one director.

4.07 Transaction of Business of Committee

Subject to the provisions of this by-law with respect to participation in a meeting, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Alberta and may be called by any one member of the committee giving notice in accordance with the by-laws governing the calling of meetings of the board.

4.08 Procedure

Unless otherwise determined herein or by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

4.09 Remuneration and Expenses

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.10 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

4.11 Action by the Board

Subject to any unanimous shareholder agreement, the board shall manage or supervise the management of the business and affairs of the Corporation. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the directors. If the Corporation has only one director, that director may constitute a meeting.

DIVISION FIVE
MEETING OF DIRECTORS

5.01 Place of Meeting

Meetings of the board may be held at any place within or outside Alberta.

5.02 Notice of Meeting

Unless the board has made regulations otherwise, meetings of the board may be summoned on twenty-four (24) hours' notice, given verbally or in writing, and whether by means of telephone or telegraph, electronic means in accordance with the provisions of the *Electronic Transactions Act*, or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- a. submit to the shareholders any question or matter requiring approval of the shareholders;
- b. fill a vacancy among the directors or in the office of auditor;
- c. appoint additional directors;
- d. issue securities, except in the manner and on the terms authorized by the board;
- e. declare dividends;

- f. purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the board;
- g. pay a commission for the sale of shares;
- h. approve a management proxy circular;
- i. approve any financial statements to be placed before the shareholders at an annual meeting; or
- j. adopt, amend or repeal by-laws.

Provided, however, that a director may in any manner, and either before or after the meeting, waive notice of a meeting and attendance of a director at a meeting of the board shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

For the first meeting of the board to be held immediately following an election of directors no notice of such meeting shall be necessary, and for a meeting of the board at which a director is to be appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order to legally constitute the meeting, provided, in each case, that a quorum of the directors is present.

5.03 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

5.04 Calling of the Meetings

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the managing director, the president or any two directors may determine. Should more than one of the above-named call a meeting at or for substantially the same time, there shall be only one meeting held and such meeting shall occur at the time and place determined by, in order of priority, the board, any two directors, the chairman, or the president.

5.05 Regular Meetings

The board may, from time to time, appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, and forthwith to each director subsequently elected or appointed, but no other notice shall be required for any such regular meeting except where the Act or this by-law requires the purpose thereof or the business to be transacted thereat to be specified.

5.06 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

5.07 Quorum

Subject to the following section 5.08, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater number of directors as the board may from time to time determine.

5.08 One-Quarter Canadian Representation at Meetings

Directors shall not transact business at a meeting of directors unless at least one-quarter of the directors present are resident Canadians. Notwithstanding the foregoing, directors may transact business at a meeting of directors when less than one-quarter of the directors present are resident Canadians if:

- a. a resident Canadian director who is unable to be present approves in writing or by electronic means, telephone or other communications facilities the business transacted at the meeting; and
- b. the number of resident Canadian directors present at the meeting, together with any resident Canadian director who gives his approval under clause (a), totals at least one-quarter of the directors present at the meeting.

5.09 Voting

Questions arising at any meeting of the board shall be decided by a majority of votes, and in the event of any equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

5.10 Participation in Meeting

A director may participate in a meeting of the board or a committee of the board by electronic means, telephone, or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a director participating in such meeting by such means is deemed to be present at the meeting.

5.11 Resolution in Lieu of Meeting

Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of directors is as valid as if it had been passed at a meeting of the board or committee of directors, as the case may be. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

5.12 Amendments to the Act

It is hereby affirmed that the intention of sections 4.06, 5.08 and 7.03, as they relate to Canadian representation, is to comply with the minimum requirements of the Act and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

DIVISION SIX
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.01 Conflict of Interest

A director or officer shall not be disqualified from his office, or be required to vacate his office, by reason only that he is a party to, or is a director or officer or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation or a subsidiary thereof. Such a director or officer shall, however, disclose the nature and extent of his interest in the contract or transaction or proposed contract or transaction at the time and in the manner provided by the Act. Subject to the provisions of the Act, a director or officer shall not by reason only of his office be accountable to the Corporation or to its shareholders for any profit or gain realized from such a contract or transaction, and such contract or transaction shall not be void or voidable by reason only of the director's interest therein, provided that the required declaration and disclosure of interest is properly made, the contract or transaction is approved by the directors or shareholders, if necessary, and it was fair and reasonable to the Corporation at the time it was approved and, if required by the Act, the director refrains from voting as a director on the contract or transaction.

Even if the above conditions are not met, a director or officer acting honestly and in good faith shall not be accountable to the Corporation or to its shareholders for any profit realized from a material contract or material transaction for which disclosure is required by the Act, and such contract or transaction shall not be void or voidable by reason only of the director or officer's interest therein, provided that the material contract or material transaction was approved or confirmed by special resolution at a meeting of the shareholders, disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before such contract or transaction was approved or confirmed, and such contract or transaction was reasonable and fair to the Corporation at the time it was approved or confirmed.

6.02 Limitation of Liability

Every director and officer of the Corporation, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer, for the time being of the Corporation, shall be liable for the acts, neglects or defaults of any other director or officer or employee or for joining in any act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss, conversion, misapplication or misappropriation of or any damage resulting for any dealings with any moneys, securities or other assets belonging to the Corporation or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the Regulations thereunder or from liability for any breach thereof. The directors, for the time being of the Corporation, shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or

entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board.

No act or proceeding of any director or officer or the board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the election, appointment or qualification of such director or officer or board.

6.03 Indemnity

Subject to section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if:

- a. he acted honestly and in good faith with a view to the best interests of the Corporation; and
- b. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this section 6.03.

6.04 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in section 6.03 against any liability incurred by him:

- a. in his capacity as a director or officer of the Corporation, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation; or
- b. in his capacity as a director or officer of the another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

DIVISION SEVEN
OFFICERS

7.01 Election or Appointment

Subject to any unanimous shareholder agreement, the board may, from time to time, appoint a chairman of the board, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for a managing director and a chairman of the board who must be directors, an officer may, but need not be, a director and one person may hold more than one office.

7.02 Chairman of the Board

The chairman of the board shall, when present, preside at all meetings of the board, committees of directors and at all meetings of shareholders.

If no managing director is appointed, the board may assign to the chairman of the board any of the powers and duties that, by any provision of this by-law, are assigned to the managing director; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

7.03 Managing Director

The managing director, if any, shall be a resident Canadian and shall have, subject to the authority of the board, general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify.

7.04 President

The president shall, subject to the authority of the board and the managing director, if any, have such powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office; provided, however, that unless he is a director he shall not preside as chairman at any meeting of the board or of a committee of directors.

7.05 Vice-President

During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there is more than one, by the vice-president designated from time to time by the board or the president; provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of the board or of a committee of directors. A vice-president shall have such other powers and duties as the board or the president may prescribe.

7.06 Secretary

The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of directors and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer, if any, may specify.

7.07 Treasurer

The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions and he

shall have such other powers and duties as the board or chief executive officer, if any, or the president may specify.

7.08 General Manager or Manager

If elected or appointed, the general manager shall have, subject to the authority of the board, the managing director, if any, the chief executive officer, if any, and the president, full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board and/or by the shareholders) and to employ and discharge agents and employees of the Corporation and may delegate to him or them any lesser authority. A general manager or manager shall conform to all lawful orders given to him by the board and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a general manager or manager shall be subject to discharge by the board.

7.09 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board, the managing director, if any, or the chief executive officer, if any, or the president may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer, if any, or the president otherwise directs.

7.10 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

7.11 Vacancies

If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board, by resolution, may appoint a person to fill such vacancy.

7.12 Remuneration and Removal

The remuneration of all officers appointed by the board shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be determined. All officers shall be subject to removal by resolution of the board at any time, with or without cause, notwithstanding any agreement to the contrary, provided however that this right of removal shall not limit in any way such officer's right to damages by virtue of such agreement or any other rights resulting from such removal in law or equity.

7.13 Agents and Attorneys

The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

7.14 Conflict of Interest

An officer shall disclose his interest in any material contract or material transaction or proposed material contract or proposed material transaction with the Corporation in accordance with section 6.01.

7.15 Fidelity Bonds

The board may require such officers, employees and agent of the Corporation, as the board deems advisable, to furnish bonds for the faithful discharge of their powers and duties, in such forms and with such surety as the board may from time to time determine.

DIVISION EIGHT
SHAREHOLDERS' MEETINGS

8.01 Annual Meetings

Subject to the Act, the annual meeting of shareholders shall be held at such time and on such day in each year and at such place or places as the board, the chairman of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors if required by the Act or the articles, and for the transaction of such other business as may properly be brought before the meeting.

8.02 Special Meetings

The board shall have the power to call a special meeting of shareholders at any time.

8.03 Place of Meetings

Meetings of shareholders shall be held as provided for in the articles, or failing any reference in the articles, at such place in Alberta as the board may determine. Subject to the Act, if the directors or the shareholders of the Corporation call a meeting of shareholders, the directors or the shareholders, as the case may be, may determine that the meeting shall be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

8.04 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21) days, as a record date for the determination of shareholders entitled to notice of or to vote at the meeting. If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of or to vote at the meeting shall be the close of business on the date immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

8.05 Notice of Meeting

Notice of the time and place of each meeting of shareholders shall be sent not less than twenty-one (21) days and not more than fifty (50) days before the meeting to each shareholder entitled to

vote at the meeting, each director and the auditor of the Corporation. Such notice may be sent by electronic means in accordance with the *Electronic Transactions Act*, or by mail addressed to, or may be delivered personally to, the shareholder, at his latest address as shown in the records of the Corporation or its transfer agent, to the director, at his latest address as shown in the records of the Corporation or in the last notice filed pursuant to section 106 or 113 of the Act, or to the auditor, at his most recent address as shown in the records of the Corporation. A notice of meeting of shareholders sent by mail to a shareholder, director or auditor in accordance with the above is deemed to be served on the day on which it was deposited in the mail. A notice of a meeting is not required to be sent to shareholders who are not registered on the records of the Corporation or its transfer agent on the record date as determined according to section 8.04 hereof. Notice of a meeting of shareholders at which special business is to be transacted shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A special meeting and an annual meeting may be convened by one and the same notice and it shall not be an objection to the notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

8.06 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.07 hereof, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except to the extent that such person has transferred any of his shares after the record date set pursuant to section 8.04 hereof, or, if no record date is fixed, after the date on which the list referred to in section 8.07 is prepared, and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than ten (10) days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the close of business on the record date, or if no record date is set, at the close of business on the date preceding the date notice is sent, is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

8.07 List of Shareholders Entitled to Notice

The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order, and showing the number of shares held by each shareholder in accordance with section 137 of the Act. If a record date for the meeting is fixed pursuant to section 8.04 hereof by the board, the shareholders listed shall be those registered at the close of business on the record date. If no record date is fixed by the board, the shareholders listed shall be those listed at the close of business on the last business day immediately preceding the day on which notice of a meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained and at the place where the meeting is held.

8.08 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- a. if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- b. if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meetings any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to a meeting being held at such place.

8.09 Waiver of Notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.10 Chairman, Secretary and Scrutineers

The chairman of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, or otherwise a vice-president who is a shareholder of the Corporation, shall be chairman of any meeting of shareholders. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, or declines to be chairman of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

8.11 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

8.12 Quorum

A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or by any other by-law) shall be persons present not being less than two (2) in number and holding or representing not less than five (5%) per cent of the shares entitled to be voted at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of the meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

8.13 Participation in Meeting

A shareholder or any other person entitled to attend a meeting may participate in a meeting of shareholders by electronic means, telephone or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a person participating in such a meeting by such means is deemed to be present at the meeting. Subject to the Act, any person participating in a meeting pursuant to this section and entitled to vote at the meeting may vote by electronic means, telephone or other communication facility that the Corporation has made available for that purpose.

8.14 Proxyholders and Representatives

Votes at meetings of the shareholders may be given either personally or by proxy; or, in the case of a shareholder, who is a body corporate or association, by an individual authorized by a resolution of the board or governing body of the body corporate or association to represent it at a meeting of shareholders of the Corporation, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chairman.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A person appointed by proxy need not be a shareholder.

8.15 Time for Deposit of Proxies

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of Saturdays and holidays, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

8.16 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholder may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

8.17 Votes to Govern

Except as otherwise required by the Act, all questions proposed for the consideration of shareholders at a meeting of shareholders shall be determined by a majority of the votes cast and in the event of an equality of votes at any meeting of shareholders, the chairman shall have a second or casting vote.

8.18 Conduct of Vote

Subject to the Act, voting at a meeting of shareholders shall be by a show of hands, unless a ballot is required or demanded as hereinafter provided, and may be held, subject to the Act, entirely by electronic means, telephone or other communication facility, if the corporation makes such a communication facility available. Every person who is present or otherwise participating in the meeting pursuant to section 8.13 hereof and entitled to vote shall have one vote. Whenever a vote shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.

8.19 Ballots

On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chairman may require that a ballot be taken either before or upon the declaration of the result of any vote. If a ballot is demanded on the election of a chairman or on the question of an adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such manner as the chairman shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence of such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question. The demand or requirement for a ballot shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the ballot has been demanded or required.

8.20 Adjournment

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of the adjournment. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as notice for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety (90) day, subsection 149(1) of the Act does not apply.

8.21 Resolution in Lieu of a Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and a resolution in writing dealing with all matters required to be dealt with at a meeting of shareholders and signed by all the shareholders entitled to vote at such meeting, satisfies all the requirements of the Act relating to meetings of shareholders. A copy of every such resolution in writing shall be kept with minutes of the meetings of shareholders. Any such resolution in writing is effective for all purposes at

such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

8.22 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

DIVISION NINE
SHARES

9.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

9.02 Certificates

The shareholder is entitled at his option to a share certificate that complies with the Act or a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation in respect of the securities of the Corporation held by him. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as described by the Act and as the board shall from time to time approve. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent or branch transfer agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on the share certificate may be printed or otherwise mechanically reproduced on it.

9.03 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issuance of a new share certificate or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.04 Joint Holders

The Corporation is not required to issue more than one share certificate in respect of a share held jointly by several persons, and delivery of a certificate to one of several joint holders is sufficient delivery to all. Any one of such holders may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such certificate.

DIVISION TEN
TRANSFER OF SECURITIES

10.01 Registration of Transfer

If a share in registered form is presented for registration of transfer, the Corporation shall register the transfer if:

- a. the share is endorsed by an appropriate person, as defined in the *Securities Transfer Act (Alberta)*;
- b. reasonable assurance is given that the endorsement is genuine and effective;
- c. the Corporation has no duty to enquire into adverse claims or has discharged any such duty;
- d. any applicable law relating to the collection of taxes has been complied with;
- e. the transfer is rightful or is to a bona fide purchaser; and
- f. the transfer fee, if any, has been paid.

10.02 Transfer Agents and Registrar

The board may from time to time by resolution appoint or remove one or more trust companies registered under the Trust Companies Act as its agent or agents to maintain a central securities register or registers, and an agent or agents to maintain a branch securities register or registers. Agents so appointed may be designated as transfer agent or registrar according to their functions, and a person may be appointed and designated with functions as both registrar and transfer or branch transfer agent. Registration of the issuance or transfer of a security in the central securities register or in a branch securities register is complete and valid registration for all purposes.

10.03 Securities Registers

A central securities register of the Corporation shall be kept at its registered office or at any other place in Alberta designated by the board to record the shares and other securities issued by the Corporation in registered form, showing with respect to each class or series of shares and other securities:

- a. the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- b. the number of shares or other securities held by each holder; and
- c. the date and particulars of the issuance and transfer of each share or other security.

A branch securities register or registers may be kept either in or outside Alberta at such place or places as the board may determine. A branch securities register shall only contain particulars of securities issued or transferred at that branch. Particulars of each issue or transfer of a security registered in a branch securities register shall also be kept in the corresponding central securities register.

10.04 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

DIVISION ELEVEN
DIVIDENDS AND RIGHTS

11.01 Dividends

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully-paid shares of the Corporation.

11.02 Dividend Cheques

A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and shall be mailed by prepaid ordinary mail to such registered holder at his address recorded in the Corporation's securities register or registers or such address as such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

11.03 Non-Receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

11.04 Unclaimed Dividends

No dividend shall bear interest against the Corporation. Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

11.05 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend, as a record date for the determination of the persons entitled to receive payment of such dividend, provided that, unless waived as provided for in the Act, notice of any such record date is given, not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange in Canada, if any, on which the Corporation's shares are listed for trading. Where no record date is fixed in advance as aforesaid, the

record date for the determination of the persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the board.

DIVISION TWELVE
INFORMATION AVAILABLE TO SHAREHOLDERS

12.01 Confidential Information

Except as provided by the Act, no shareholders shall be entitled to obtain information respecting any details or conduct of the Corporation's business which, in the opinion of the directors, it would be inexpedient in the interests of the Corporation to communicate to the public.

12.02 Conditions of Access to Information

The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholders shall have any right to inspect any document or book or register or account record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders.

12.03 Registered Office and Separate Records Office

The registered office of the Corporation shall be at a place within Alberta and at such location therein as the board may from time to time determine. The records office will be at the registered office or at such location, if any, within Alberta, as the board may from time to time determine.

DIVISION THIRTEEN
NOTICES

13.01 Method of Giving Notices

A notice or document required by the Act, the Regulations, the articles or the by-laws to be sent to a shareholders or director of the Corporation may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*, or by prepaid mail addressed to, or may be delivered personally to:

- a. the shareholder at his latest address as shown in the records of the Corporation or its transfer agent; and
- b. the director at his latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113.

A notice or document sent by mail in accordance with the foregoing to a shareholder or director of the Corporation is deemed to be received by him at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the shareholders or director did not receive the notice or document at the time or at all.

13.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

13.03 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholders from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

13.04 Non-Receipt of Notices

If a notice or document is sent to a shareholder in accordance with section 13.01 and the notice or document is returned on two (2) consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notice or documents to the shareholder until the shareholder informs the Corporation in writing of his new address; provided always, that in the event of the return of a notice of a shareholders meeting mailed to a shareholder in accordance with section 13.01 the notice shall be deemed to be received by the shareholder on the date deposited in the mail notwithstanding its return.

13.05 Omissions and Errors

Subject to the Act, the accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

13.06 Signature on Notices

Unless otherwise specifically provided, the signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

13.07 Waiver of Notice

If a notice or document is required by the Act or the Regulations, the articles, the by-laws or otherwise to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to receive it. The consent of a person entitled to waive the requirement for the sending of a notice or document or to waive or abridge the time for the notice or the document may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*.

DIVISION FOURTEEN
MISCELLANEOUS

14.01 Directors to Require Surrender of Share Certificates

The directors in office when a Certificate of Continuance is issued under the Act are hereby authorized to require the shareholders of the Corporation to surrender their share certificate(s), or such of their share certificates as the directors may determine, for the purpose of cancelling the share certificates and replacing them with new share certificates that comply with section 48 of the Act, in particular, replacing existing share certificate with share certificates that are not negotiable securities under the Act. The directors in office shall act by resolution under this section 14.01 and shall in their discretion decide the manner in which they shall require the surrender of existing share certificates and the time within which the shareholders must comply with the requirement and the form or forms of the share certificates to be issued in place of the existing share certificates. The directors may take such proceedings as they deem necessary to compel any shareholder to comply with a requirement to surrender his share certificate or certificates pursuant to this section. Notwithstanding any other provision of this by-law, but subject to the Act, the director may refuse to register the transfer of shares represented by a share certificate that has not been surrendered pursuant to a requirement under this section.

14.02 Financial Assistance to Shareholders, Employees and Others

The Corporation may give financial assistance by means of a loan, guarantee or otherwise to any person for any purpose in accordance with the provisions of the Act and the Regulations including, without limitation, the disclosure requirements specified therein.

14.03 Severability

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

MADE by the Board the 18th day of October, 2012.

(signed) "Richard W. Heiniger"

President

(signed) "Cameron B. Olson"

Secretary

CONFIRMED by the Shareholders in accordance with the *Business Corporations Act* (Alberta), on _____, 2013.

Secretary

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