AMENDED ANNUAL INFORMATION FORM
FOR THE PERIOD October 1, 2016 to SEPTEMBER 30, 2017

Dated as of DECEMBER 22, 2017 (except dated as of May 24, 2018 in respect of Appendix "B" – Corporate Governance)

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Written and oral public communications of TerraVest Capital Inc. ("**TerraVest**", "**we**" or the "**Corporation**") often include written or oral forward-looking statements. Statements of this type are included in this amended annual information form ("**AIF**") and may be included in other filings with Canadian securities regulators, or in other communications. All statements other than statements of historical fact contained in this AIF are forward-looking statements, including, without limitation, those in the discussion of TerraVest's future plans and prospects under the "Strategy of TerraVest", and risk factors under "Risks Relating to the Business", "Risks Relating to the Shares" and "Risks Relating to the Debentures" sections in this AIF. Readers can identify many of these statements by looking for words such as "believe", "expects", "plans", "will", "intends", "anticipates", "estimates", "continues" and similar words or the negative thereof. Forward-looking statements are used to describe management expectations and plans, and to assist the shareholders in understanding the financial position of TerraVest, as a whole, and its business segments. Although Management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that this information may not be appropriate for other purposes.

By their nature, forward-looking statements require us to make assumptions and, accordingly, forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that the forward-looking statements will not prove to be accurate. We caution readers of this AIF not to place undue reliance on our forward-looking statements because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements.

Assumptions and analysis about the performance of TerraVest, as a whole, and its business segments, the markets in which the business segments compete and the prospects and values of the business segments are considered in setting the business plan for TerraVest, in evaluating and forecasting the business segments, availability of credit, capital investments, and outlook for operations and financial position, results and cash flow and other plans and objectives and in making related forward-looking statements. In respect of the business segments, key assumptions are that, other than as specifically identified herein, (i) demand for products and services of the business segments in respect of the Canadian and other markets in which TerraVest's businesses are active; and (ii) the input costs to the business segments do not vary significantly from the costs experienced historically. Should any of these factors or assumptions vary, actual results may differ materially from the forward-looking statements. Additionally, the information set forth in this AIF identifies risk factors that could affect the operating results and performance of TerraVest and its business segments. We caution that the lists of factors set forth in this AIF are not exhaustive and that, when relying on forward-looking statements to make decisions with respect to TerraVest, investors and others should carefully consider the factors discussed, as well as other uncertainties and potential events, and the inherent risks and uncertainties of forward-looking statements. The forward-looking statements herein are made based on the assumption that TerraVest will not be affected by such risks. If TerraVest is affected by such risks, the forward-looking statements may become inaccurate.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this AIF are made as of the date of this AIF. Except as required by applicable securities laws, TerraVest does not undertake to update any forward-looking statement, whether written or oral, which it may make or that may be made, from time to time, on its behalf.

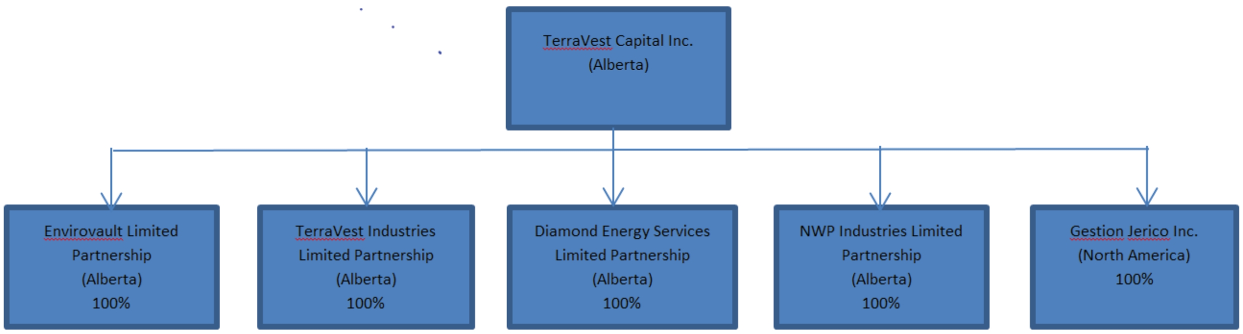
Unless otherwise indicated, information provided in this AIF is presented as of September 30, 2017.

CORPORATE STRUCTURE OF TERRAVEST CAPITAL INC.

TerraVest Income Fund (the "**Fund**"), the predecessor to the Corporation was an unincorporated, open-ended, limited purpose, mutual fund trust established under the laws of the Province of Alberta pursuant to a declaration of trust dated May 3, 2004. On October 31, 2012, the Fund completed its plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Alberta) pursuant to which the Fund was converted into a corporation called TerraVest Capital Inc. Pursuant to the Arrangement, among other things: (i) the Corporation acquired all the issued and outstanding units (the "**Units**") of the Fund; (ii) the unitholders each received one common share (each, a "**Share**") of the Corporation for each Unit held by them; (iii) the Fund was wound up and dissolved; and (iv) the Corporation was amalgamated with the former administrator of the Fund, TerraVest Industries Inc., and a number of other subsidiaries of the Fund and continued as TerraVest Capital Inc. For further details regarding the Arrangement and the conversion of the Fund to the Corporation, see the Notice of Change in Corporate Structure (amended) which is incorporated herein by reference and is available on TerraVest's SEDAR profile at www.sedar.com.

TerraVest's head office is 4901 Bruce Road, Vegreville, Alberta, T9C 1C3. TerraVest's registered office is 2900, 10180 – 101 Street, Edmonton, Alberta, T5J 3V5.

The structure of the Corporation as at September 30, 2017 is set forth below.



Notes

1. The Corporation and its subsidiaries operate or have additional interests in other subsidiaries that do not meet the thresholds for disclosure set out in Form 51-102F2 of the Canadian Securities Administrators.
2. All of the outstanding securities of each entity shown above are owned by the Corporation, directly or indirectly.

GENERAL DEVELOPMENT OF TERRAVEST CAPITAL INC.

Three Year History of the Corporation

On February 2, 2015, Dale Laniuk announced his retirement as CEO of the Corporation. Mr. Laniuk remained in his capacity as a director of TerraVest.

On April 1, 2015, TerraVest, through its wholly-owned subsidiary, Jerico, acquired the assets of Signature Truck Systems, Inc. and Lakeshore Metal Works, Inc., each of which was a privately owned Michigan-based company primarily focused on assembling high quality propane trucks for leading fuel distributors across the United States. The operations of the acquired businesses are carried on by Signature Truck Systems, LLC ("**Signature**"). The acquisition purchase price was approximately US $16.8 million (CDN $21.2 million). The acquisition was funded by available cash, operating facilities, a bridge note from a related party of CDN $6 million and notes payable to Signature. The bridge note was repaid in full on May 1, 2015.

On April 17, 2015, the Corporation issued convertible unsecured subordinated debentures on a bought deal basis pursuant to a short-form prospectus offering, with a principal amount of $25 million bearing interest at 7% per annum (the "**Debentures**") payable semi-annually on June 30 and December 31 each year with the first such payment due on December 31, 2015. The Debentures are due on June 30, 2020. The proceeds from the debenture issuance were used to repay promissory notes issued for the acquisition of Jerico and Signature.

On September 28, 2015, TerraVest acquired the minority interest in the Propar Group which it did not already own. In connection with the transaction, the minority interest was transferred by TerraVest to Jerico, which now owns 100% of that group.

On December 4, 2015, TerraVest acquired the secured debt of a specialized tank manufacturer in western Canada and took possession of the company's operating assets through a receivership process. The company manufactured highly specialized tanks and related equipment for the North American oil and gas industry. TerraVest paid $1.59 million for the assets of the company. The business and assets are now held by EnviroVault Limited Partnership ("**EnviroVault**").

On June 1, 2016, TerraVest issued 581,925 Shares at $6.25 per Share in consideration for the minority interest in the Diamond Energy Limited Partnership.

On June 27, 2016, TerraVest acquired a 54.9% interest in Segretech Inc. (**"Segretech"**), a privately held oil and gas service business involved in the development of sand separators for oil and gas producers. Total cash consideration paid was $960,000. The acquisition was made to diversify TerraVest's product offerings and to enter a segment of the oil and gas industry which Management believes presents a significant long term opportunity for the Company.

On August 12, 2016, the Company announced the termination of its CFO, Paul Casey.

On February 17, 2017, the Company increased its ownership of Segretech to 76.5%.

On May 2, 2017 the Company announced the appointment of Michael MacBean to the Board of Directors.

On May 31, 2017 the Company announced the appointment of Sebastien Provost to the role of Chief Financial Officer.

On September 18, 2017, TerraVest, through its wholly owned subsidiary, Jerico acquired the assets of Fischer Tanks LLC, a privately owned Michigan based manufacturer and refurbisher of domestic propane tanks. The acquisition was funded through the Company’s existing cash on hand and credit facilities.

On November 20, 2017 the Company announced the termination of its CFO, Sebastien Provost.

DESCRIPTION OF THE BUSINESS

Strategy of TerraVest

TerraVest is a publicly traded holding company focused on acquiring businesses with strong cash flow generation, long track records of operating success, strong balance sheets and committed management teams. We are focused on creating value for shareholders through our existing lines of business as well as acquiring additional businesses with stable cash flows and potential for growth through our support.

We are primarily focused on evaluating opportunities within our circle of competence that complement our existing businesses and provide integration benefits. For TerraVest these opportunities reside in the fabrication of oil and gas processing equipment and the manufacturing of tanks and fuel containment vessels where expertise in metal fabrication and welding are required. We also see opportunities to augment our existing oilfield services business.

Sales

The sales revenues for each of the business segments that the Corporation owned on September 30, 2017 are set forth below (in 000's).

	Twelve months ended September 30, 2017	Twelve months ended September 30, 2016	Twelve months ended September 30, 2015
Fabrication	$62,001	$49,481	$75,291
Service	$21,135	$21,274	$28,114
Fuel Containment	$109,399	$107,758	$91,633
Total	$192,535	$178,513	$195,038

Operating Segements

The term "**business segments**" is used to refer to the Company's Fabrication segment, which manufactures specialized oil and gas equipment for the North American energy industry; the Service segment, which provides services to the Western Canadian oil and gas industry, and the Fuel Containment segment, which manufactures a variety of residential, commercial and industrial fuel and liquid containment products as well as home heating and ventilation equipment.

The following is a description of the business segments as at September 30, 2017. More information concerning the business segments, including the outlook, is included in TerraVest's management discussion and analysis for the year ended September 30, 2017, which is available on TerraVest's SEDAR profile at SEDAR at www.sedar.com.

Fuel Containment

The Fuel Containment segment is a manufacturer of items such as propane vessels, pressure vessels, commercial and residential liquid containment units as well as bulk propane trucks (which are primarily steel based) for the North American market.

Products and Services

The Fuel Containment segment provides numerous products related to liquid and fuel containment to a diversified group of industries.

The Fuel Containment segment is a leading industry participant in the residential and light commercial oil tank market in Canada and the North Eastern United States with a strong presence in both the steel and fiberglass tank product lines. This operating segment also offers complementary products in the home heating and ventilation market which are sold alongside its tank product lines.

The Fuel Containment segment manufactures a comprehensive line of distribution and storage equipment for the propane and anhydrous ammonia industries, including: domestic tanks, nurse tanks, autogas dispensers, large bulk storage tanks, bulk transport trailers, bobtail delivery trucks, service trucks and custom pressure vessels. This segment is also a leading refurbisher of domestic propane tanks in the U.S.

Historically, the Fuel Containment Segment's performance has not had a material correlation to the international price movements of oil.

Sales and Marketing

The Fuel Containment segment has a wide spectrum of customers, most with long standing relationships. No single customer accounts for more than 10% of annual revenue. Sales are conducted by way of in-bound calls as well as the utilization of a sales force. The Fuel Containment segment is continually evolving by focusing on new product development and identifying new customer needs.

Customers

The majority of the Fuel Containment segment's commercial and industrial customers are repeat in nature, buying their product directly. Residential product lines are generally sold through a broad network of HVAC wholesalers throughout Canada and the North Eastern United States.

Competition

The Fuel Containment segment faces competition in all product categories. Maintaining a leading position requires national distribution, product innovation, customer service, competitive pricing and access to capital.

Increased Costs of Home Heating with Oil

Management of the Fuel Containment segment believes that increased costs relating to home heating with oil, including heating oil costs and related home insurance costs, as a percentage of consumers' disposable income could be a factor that negatively influences steel tank and/or furnace replacement decisions. A prolonged rise in such home heating costs, or further increases in such costs, could reduce demand for heating oil storage tanks and furnaces, which could adversely affect the Corporation's business, results from operations and financial condition. Additionally, if such home heating costs should remain high, on a relative basis as compared with natural gas, electricity and other alternative energy sources, for a prolonged period of time this would adversely impact storage tank sales volumes and consequently could have a material adverse effect on the Corporation's business, results from operations and financial condition.

Reduced Residential Home Resale Activity

Home resale activity can be a driver of replacement residential oil tank sales, as home owners and insurers conduct inspections and identify aging tanks during the purchase and sale process. Reduced activity in the residential home resale market could lead to reduced revenues for the Corporation, and a prolonged downturn in the resale market could have a material adverse effect on the Corporation's business, results from operations and financial condition.

Foreign Exchange Risk

The Fuel Containment segment generates a significant portion of its sales in U.S. dollars, but a smaller proportion of its expenses are denominated directly in U.S. dollars. As a result, any increase of the Canadian dollar relative to the U.S. dollar will negatively impact the Corporation's results of operations from the Fuel Containment segment. From time to time, the Corporation uses financial derivative products to protect itself against some of the risks arising from fluctuations in the value of the U.S. dollar relative to the Canadian dollar, but as the Corporation does not fully hedge its exposure, there can be no assurance that the Corporation's hedging strategy will be effective or that the Corporation will not be impacted by the changes in relative values of the Canadian dollar and the U.S. dollar. Any such change could have a material adverse effect on the Corporation's business, results from operations and financial condition.

Employees and Facilities

The Fuel Containment segment has approximately 486 employees of which 96 are unionized.

The Fuel Containment segment operates out of the following facilities:

Location	**Description**	**Relevant Operating Entity**
Granby, Quebec	Manufacturing Facility	Granby
Parrsboro, Nova Scotia	Manufacturing Facility	Granby Furnaces
Parrsboro, Nova Scotia	Warehouse	Granby Furnaces
Ham-Nord Quebec	Manufacturing Facility	Composites
Sherbrooke, Quebec	Manufacturing Facility	Propar
Aylmer, Ontario	Assembly Warehouse	Propar
Brewer, Maine, U.S.A.	Distribution Warehouse	Pensotti, LLC
Clio, Michigan, U.S.A.	Assembly Warehouse	Signature Truck Systems, LLC
Houghton Lake, Michigan, U.S.A.	Assembly Warehouse	Signature Truck Systems, LLC
Waverly, Nova Scotia	Manufacturing Facility	Vilco
Kaleva, Michigan, U.S.A.	Manufacturing Facility	Fischer Tanks, LLC

Certain of these properties are pledged as security pursuant to the Jerico Loan.

Fabrication

TerraVest fabricates oil and gas wellhead processing equipment through its subsidiaries TerraVest Industries Limited Partnership ("**RJV**"), NWP, EnviroVault and SegreTECH for the oil and natural gas industry in North America.

Products and Services

Fabrication's end products consist of steel skids, pressure vessels, polyurethane/steel housings, piping, sand separators and ancillary equipment. Skids, vessels and housings are manufactured or fabricated by the Fabrication segment. Many units include measurement equipment, separation tanks, and remote monitoring equipment. Most of the subcomponents are purchased by Fabrication, and are fabricated and assembled into units.

Fabrication focuses on deeper wells, many with higher pressure and sour gas. These wells require more sophisticated and technically complex extraction and handling equipment. Fabrication's capabilities, including its technical expertise and highly skilled manufacturing capabilities, position Fabrication to service these needs. In addition, remote monitoring has become standard as wells are drilled in remote, limited access areas and as natural gas producers seek ways to control operating costs. Fabrication's technical proficiency in supervisory control and data acquisition technology enable satellite based remote monitoring and control.

The oil and natural gas industry is considered to be a cyclical industry. The demand for Fabrication's processing equipment is greater from November through March, as many of Fabrication's customers have extensive operations in regions where the muskeg or bog terrain is only accessible by drilling equipment during this period while the ground is frozen.

Manufacturing Process

Fabrication's manufacturing operations produce custom designed equipment, in low-volume batches. Fabrication provides engineering and design services either in conjunction with customers or independently to provide complete, ready to install unit solutions. Manufacturing activities include metal fabrication, welding, painting, sub-assembly, packaging, warehousing and shipping.

Fabrication purchases materials and components from a number of suppliers. Fabrication is not dependent on any supplier for any one input and can purchase the materials and components used in its fabrication of gas well processing equipment from a number of alternative suppliers.

Sales and Marketing

Sales are conducted by way of in-bound calls as well as the utilization of a sales force. The majority of Fabrication's business comes from repeat customers who buy products directly from Fabrication.

Customers

Fabrication's customers are drawn primarily from a broad range of oil and gas exploration and production companies operating in Western Canada. Fabrication benefits from numerous long-standing customer relationships and provides significant engineering assistance to its customers, offering solutions and alternatives for wellhead equipment through a partnership approach.

Competition

The market in which Fabrication competes is fragmented. Many of the companies that compete with Fabrication have focused on fabrication of larger pressure vessels required for the separation of light oil and natural gas and their respective condensates to enable those companies to market to both types of producers. Competitors include private companies and subsidiaries of larger companies. The industry fragmentation reflects the diversity of requirements for equipment for natural gas wells. Fabrication focuses its efforts on the more demanding and technically complex units, which generally command higher prices and greater margins. Fabrication provides equipment for both shallow and deep wells.

Employees and Facilities

As at September 30, 2017, Fabrication had approximately 211 employees.There is higher employment and greater hours worked per employee in the period of higher demand from November to March.

The Fabrication segment operates out of the following facilities:

Location	Description	Relevant Operating Entity
Innisfail, Alberta	Manufacturing Facility	NWP Industries and EnviroVault
Vegreville, Alberta	Manfacturing Facility	RJV Gasfield Services
Calgary, Alberta	Sales Office	NWP, EnviroVault and SegreTECH

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Environmental Protection

Fabrication is committed to managing and operating in a safe, efficient, environmentally responsible manner and is committed to continually improving its environmental, health, safety and social performance. To fulfill this commitment, Fabrication's operating practices and procedures are consistent with the requirements established for its industry. Key environmental considerations include air quality and climate change, water conservation, spill management and waste management plans. Fabrication monitors all activities and makes reasonable efforts to ensure that its service providers and employees operate in a manner consistent with its environmental standards. Fabrication believes that it is meeting all existing environmental standards and regulations and includes sufficient amounts in its capital expenditure budget to continue to meet current environmental protection requirements. Compliance with such requirements can involve significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability, and the imposition of fines and penalties which may be material. Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. As these laws, regulations and guidelines continue to become more stringent there is a risk to TerraVest and its customers that compliance with these changes may adversely affect TerraVest through increased operating costs. Please also see the discussion under "Environmental Legislation" and under the heading entitled "Risk Relating to the Business".

Service

TerraVest's Services segment provides well servicing to the oil and natural gas sector in Southwest and Central Saskatchewan. This segment has been providing well servicing to major oil and gas producers in Saskatchewan for many years and is a well-recognized name. The segment has 21 service rigs giving it the critical mass to service the needs of the largest oil and gas producers in the area.

Services

The Service segment operates through two divisions: (i) the Service Rig Division, which operates 21 oil and gas well servicing rigs from facilities in Swift Current, Saskatchewan and West Central region of Saskatchewan; and (ii) Coil Tubing, which operates three coil tubing units from facilities in Swift Current, Saskatchewan and Medicine Hat, Alberta. Revenue is based on the number of hours that the service rigs or coil tubing units are utilized in the field on customers sites, and, accordingly, revenue fluctuates based on utilization rates. Utilization rates are impacted by commodity prices, competition and weather.

Sales and Marketing

The oil and natural gas industry is considered to be a cyclical industry. Service's main market, the area around Swift Current, Saskatchewan is primarily focused on production of oil. Service's operation in Medicine Hat, Alberta is primarily focused on the natural gas sector.

Customers

Service has two customers that account for approximately 42% and 39% of its revenue, respectively, with none of its remaining customers accounting for more than 10% of revenue. Service has developed strong business relationships with its customers and has focused its efforts on satisfying customer needs.

Competition

In Saskatchewan, Service competes with a number of rig companies. Service has 16 service rigs in Southwest Saskatchewan and 5 service rigs in the West Central region of Saskatchewan. Service has been able to maintain satisfactory utilization rates for its rigs in Saskatchewan.

In the region of Medicine Hat, Alberta, there are 3 coil tubing units. Service's utilization rates for its 3 coil tubing units in Canada are still historically low.

Environmental Protection

Service is committed to managing and operating in a safe, efficient, environmentally responsible manner and is committed to continually improving its environmental, health, safety and social performance. To fulfill this commitment, Service's operating practices and procedures are consistent with the requirements established for its industry. Key environmental considerations include air quality and climate change, water conservation, spill management and waste management plans. Service monitors all activities and makes reasonable efforts to ensure that its service providers and employees operate in a manner consistent with its environmental standards. Service believes that it is meeting all existing environmental standards and regulations and includes sufficient amounts in its capital expenditure budget to continue to meet current environmental protection requirements. Compliance with such requirements can involve significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability, and the imposition of fines and penalties which may be material. Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. As these laws, regulations and guidelines continue to become more stringent, there is a risk to TerraVest and its customers that compliance with these changes may adversely affect TerraVest through increased operating costs. Please also see the discussion "Environmental Legislation" under the heading entitled "Risk Relating to the Business."

Employees and Facilities

Service has its head office, maintenance facilities and storage facilities in Swift Current, Saskatchewan in leased buildings, which have approximately 20,000 square feet of space. Service also leases facilities in Medicine Hat, Alberta and Unity, Saskatchewan. Service also has offices in Cut Knife, Saskatchewan and Kindersley, Saskatchewan, in buildings that it owns. As at September 30, 2016, Service had approximately 130 employees.

The Service segment operates out of the following facilities:

Location	**Description**	**Relevant Operating Entity**
Swift Current, Saskatchewan	Operating Facility	Diamond Energy Services
Medicine Hat, Alberta	Operating Facility	Diamond Energy Services
Unity, Saskatchewan	Operating Facility	Diamond Energy Services
Cut Knife, Saskatchewan	Field Office	Diamond Energy Services
Kindersly, Saskatchewan	Field Office	Diamond Energy Services

RISK FACTORS

Risks Relating to the Business

TerraVest's economic condition depends on the economic condition of its business segments. While stronger performance by one of the business segments may compensate for weaker performance by another of the business segments, any negative effects on the financial condition or results of operations of a business segment has a negative effect on the financial condition or results of operations of TerraVest.

Demand for Products and Services

All of the business segments operate in industries in which the demand for their products or services is sensitive to many factors.

The oil and natural gas industry, in which Fabrication, through its manufacture and sale of oil and natural gas well-head processing equipment, and Service, through its oil and gas well servicing business, participate, is dependent on oil and natural gas prices. Oil and natural gas pricing has historically been cyclical and there is no assurance that prices will exist at levels that are economically attractive to oil and natural gas producers.

The price of oil is determined by a global market that is affected, on the demand side, by economic conditions generally and economic growth rates in emerging economies and, on the supply side, by geopolitical conditions in the regions where there is significant oil production such as parts of the Middle East, the United States and other oil producing regions. By comparison, the price of gas is determined primarily by a North American market (with some imports of liquid natural gas) where the demand side is significantly affected by the rate of consumption of natural gas for heating in winter and cooling in the summer, with consumption being greater during periods of extreme temperatures in heavily populated areas of North America. The price of natural gas can fall significantly when the capacity available for storage is full. The price of natural gas remains low relative to the historic relationship between oil and natural gas.

The market for Fabrication's products and Service's services is geographically concentrated in the Western Canadian Sedimentary Basin and demand for such products and services may be affected by changes in the levels of exploitation of the basin depending on pricing of natural gas in the case of Fabrication and oil and natural gas in the case of Service. This is particularly so for Fabrication because most of the well-head processing equipment that Fabrication manufactures is installed on new oil and natural gas wells and is left in place through the life of the well and, accordingly, demand for Fabrication's equipment depends more directly on the number of oil and gas wells drilled, whereas a greater share of Service's business relates to the maintenance of existing wells for which services are required even when drilling activity subsides so long as current production is not being shut-in.

The market for Fuel Containment's product and services is primarily located in Eastern Canada and the Northeastern United States and demand for such products may be affected by changes in costs of home heating oil and the level of residential home resale activity in these areas. A prolonged rise in home heating costs could result in lower demand for Fuel Containment's products as consumers look to alternatives to home heating oil.

Lower demand for any of the business segments' products or services may result in lower sales which will have an adverse effect on the results of operations and financial condition of the affected business and TerraVest.

Weather Related Risks

The Corporation is subject to risks inherent in the oil and natural gas business, such as weather and similar risks. Poor weather conditions or climate change may adversely affect the Corporation's operational results. The operations of the Service segment in particular are highly dependent on favourable weather conditions during the seasons of the year in which the operators of oil and natural gas wells operate. In particular, prolonged periods of rain or a late spring breakup may adversely affect operation of the service rigs, swabbing units or coil tubing units used by customers and if utilization by customers declines, revenue to the Corporation declines, impacting the Corporation's operational results. There can be no assurance that these natural elements will not have a material adverse effect on the Corporation.

Credit Risk

Accounts receivable of any of the business segments may be adversely affected by economic conditions in the market in which it operates.

Competition

All the markets in which the business segments operate are highly competitive and competition in the respective markets involves a broad range of competitors, some of whom have better product or service offerings than the business segments. Some of the competitors are divisions of large corporations that have greater financial and other resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products or services that compete with those of the business segments or that new competitors will not enter into the markets served by the business segments. The business segments also compete with smaller manufacturers or service providers in the markets which the business segments serve, some of which have competitive advantages such as lower overhead costs, stronger customer relationships or specialized regional strength.

The oil and gas sector in the Western Canadian Sedimentary Basin is generally a regional market and, accordingly, Fabrication and Service primarily compete with other companies located in the region.

Limited Customer Bases

The Fabrication and Service segments derive a significant portion of their revenues from a limited customer base. If one or more of the significant customers were to cease doing business with one of these business segments, or significantly reduced or delayed its purchase of equipment or services, the financial condition and results of operations of such business segment would be materially adversely affected.

Input Costs

The manufacturing business segments of Fabrication and Fuel Containment rely heavily on the cost of materials used to manufacture their products. While not dependent on a single supplier of materials, Fabrication and Fuel Containment purchase materials that are priced on world markets which may be subject to economic and seasonal fluctuations and for which prices may raise at rapid rates over short periods of time. In some, but not all, cases, the sale price of a product can be raised in order to recover the higher costs of materials used to manufacture the product, but such a response often lags by some time the increase in the price of materials and is very difficult in periods when the prices of materials are more volatile.

Steel is a major component of the products purchased and/or manufactured by Fabrication and Fuel Containment and, accordingly, an increase in the price of steel may have a material adverse effect on the financial condition and results of operations of Fabrication and Fuel Containment and TerraVest.

Environmental Legislation

Environmental matters are subject to regulation under a variety of federal, provincial, territorial, state and municipal laws relating to health and safety and the environment.

Management believes that the business segments are in compliance with applicable environmental legislation. However regulation is subject to change and, accordingly, it is impossible to predict the costs of compliance with new laws or the effects that changes would have on the business segments or their future operations.

Among the business segments, Management believes that the risk of non-compliance with environmental regulation is greatest for Service, due to the nature of its oil and gas well servicing business.

The trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, including the generation and disposal of wastes and the use and handling of chemical substances. These restrictions and limitations have increased operating costs for all of the business segments and, in the case of Service and Fabrication, their customers. Any regulatory changes that impose additional environmental restrictions or requirements on the business segments or these customers could adversely affect TerraVest through increased operating costs and potential decreased demand for services.

Liability and Insurance

Due to the nature of the products and services provided by each of the business segments, general liability, product liability and product defect claims may be asserted against them. Although insurance coverage is carried at levels which Management believes to be standard in Canada for businesses operating in the sectors in which the business segments operate, there can be no assurance that the coverage will be sufficient to satisfy any liability claim. There can be no assurance that adequate insurance coverage will be available in the future or available on commercially acceptable terms or rates. Any such claims that exceed the scope of coverage or an inability to obtain coverage or adequate coverage could result in material liabilities to one or more of the business segments.

Obsolescence

The technology used by the business segments is constantly undergoing development and change. New technologies may be developed, or existing technologies refined, which could render existing equipment or processes technologically or economically obsolete. The development of new technologies or new applications for existing technologies may require existing systems to be adapted or new systems to be acquired in order to successfully compete. Due to cost factors, competitive considerations or other constraints, there can be no assurance that a given business segment will be able to acquire or have access to any new or improved equipment that it may need in order to serve its clients and customers. Any inability of a business segment to provide state-of-the-art products and technologies may adversely affect its business and financial condition and results of operations.

There is no proprietary protection for the primary product lines or processes of any of the business segments.

Labour

The success of TerraVest depends on the ability of the business segments to maintain their respective productivity and profitability. The productivity and profitability of the business segments may be limited by their ability to employ, train and retain the skilled personnel necessary to meet their respective requirements. None of the business segments can be certain that they will be able to maintain the adequate skilled labour force necessary to operate efficiently and to support their growth strategies. As well, none of the business segments can be certain that their labour expenses will not increase as a result of a shortage in the supply of these skilled personnel. Labour shortages or increased labour costs could impair the ability of a business segment to maintain or grow its respective business segment.

Key Personnel

The success of TerraVest depends on the skills, experience and effort of its management and senior management of its business segments. The loss of one or more members of management or senior management of a business segment could significantly weaken the performance of the affected business segment.

Leverage and Restrictive Covenants

The degree to which TerraVest's subsidiaries are leveraged could significantly affect the amount of income to be generated and therefore the funds available to TerraVest. (See Section entitled "Credit Facilities"). The consequences to TerraVest and to the holders of the Shares arising from borrowing activities of TerraVest's subsidiaries include: (i) reduced ability to obtain additional financing for working capital; (ii) dedication of cash flow from operations to the payment of interest on such indebtedness thereby reducing funds available for payment to TerraVest; and (iii) exposure to the risk of increased interest rates. The ability of TerraVest's subsidiaries to make scheduled payments of interest on, or to refinance, its indebtedness will depend on future cash flow, which is subject to the operations of their businesses, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond their control. These factors might inhibit refinancing of indebtedness on favourable terms, or at all.

The TerraVest Credit Facility, BDC Loan, Diamond Facility and Jerico Loan (collectively, the "Facilities") contain restrictive covenants that limit the discretion with respect to certain business matters and may, in certain circumstances, restrict the ability to pay interest or make distributions which could adversely impact the Corporation's free cash flow. These covenants will place restrictions on certain activities of the business segments. In addition, the Facilities include covenants that must be satisfied by the parties to the respective Facilities. Failure to comply with the obligations under the Facilities could result in an event of default which, if not cured or waived, could permit the acceleration of the relevant indebtedness. The Facilities are secured by customary security for entities of this type, including first ranking security over all present and future personal property of the borrower, mortgages and an assignment of insurance. If the parties to the Facilities are not able to meet their respective debt service obligations, these parties, as the case may be, risk the loss of some or all of their respective assets to foreclosure or sale. There can be no assurance that the assets of the parties to the Facilities would be sufficient to make accelerated repayment in full of indebtedness under the Facilities. If any of the Facilities are replaced on less favourable terms, the Corporation and its subsidiaries may be adversely affected.

Tax Related Risks

The business and operations of the Corporation and its business segments are complex and the Corporation has undertaken a number of financings, reorganizations, acquisitions, disposals and other material transactions including the Arrangement over the course of its history. The computation of income taxes payable as a result of these transactions involves many complex factors including the Corporation's interpretation of relevant tax legislation and regulations. While management believes that the provision for income tax is adequate and in accordance with International Financial Reporting Standards and applicable legislation and regulations, tax filing positions are subject to review by taxation authorities who may challenge the Corporation's interpretation of the applicable tax legislation and regulations. In that regard, the Corporation receives from time to time correspondence from taxing authorities concerning its tax filing positions. If any challenge to the Corporation's tax filing position were to succeed, it could result in a reassessment of taxes or otherwise have a material adverse effect on the Corporation's tax position.

Furthermore, Canadian and federal or provincial tax legislation may be amended, or its interpretation changed (whether by legislative or judicial action or decision), retroactively or for the future, so as to alter fundamentally the availability of the tax pools of the Corporation, which could materially adversely affect the Corporation's tax position.

Risks Relating to the Shares

Price, Dilution, Liquidity of Shares and Ability to Pay Dividends

The prices at which the Shares will trade cannot be predicted. The market price of the Shares may be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets have experienced significant market wide and sectoral price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating performance of particular issuers. Such fluctuations may adversely affect the market price of the Shares.

The liquidity of the Shares may also be impacted by general market volatility. In addition, the Corporation has undertaken Normal Course Issuer Bids for 2013, 2014, 2015, 2016 and 2017 (described below under "Issuer Bids"). If the Corporation were to purchase additional Shares in the future, liquidity may be further reduced.

Any future dividends will be reviewed by TerraVest's board of directors and adjusted from time to time to reflect current business conditions. The ability of the Corporation to pay dividends and the actual amount of such dividends will be dependent upon, among other things, the financial performance of the Corporation and its business segments, its debt covenants and obligations, its ability to refinance its debt obligations on similar terms and at similar interest rates, its working capital requirements, its future tax obligations and its future capital requirements.

Risks Relating to the Debentures

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will likely increase as prevailing yields for similar securities decline.

Dilution Upon Issuance of Shares

The Corporation may determine to redeem outstanding Debentures for Shares or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Shares or certain holders of Debentures may elect to convert their Debentures in exchange for Shares. The issuance of additional Shares may have a dilutive effect on shareholders of the Corporation and an adverse impact on the price of Shares, which may also adversely impact the price of the Debentures.

Prior Ranking Indebtedness

The Debentures are unsecured and subordinate in right of payment, as set forth in the trust indenture entered into between the Corporation and CST Trust Company as trustee on April 17, 2015 (the "**Indenture**"), to all senior indebtedness of the Corporation. If the Corporation becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Corporation will be available to pay its obligations with respect to the Debentures only after it has paid senior indebtedness and any other secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures will also be effectively subordinate to claims of creditors of the Corporation's subsidiaries except to the extent the Corporation is a creditor of such subsidiaries ranking at least pari passu with such other creditors. As such, the likelihood that holders of Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health and creditworthiness of the Corporation and its subsidiaries.

Absence of Covenant Protection

The Indenture does not restrict the Corporation or its subsidiaries from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness or other financing. The Indenture does not contain any provisions specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Corporation or any of its subsidiaries.

CREDIT FACILITIES

Under the TerraVest Credit Facility, HSBC agreed to provide up to $10 million in operating loans, letters of guarantee, banker's acceptances and documentary credits subject to certain covenants and margin requirements for receivables and inventory. Security for the TerraVest Credit Facility includes a general security agreement constituting a first ranking security interest over all present and after-acquired personal property of TerraVest's subsidiaries other than Diamond, mortgages on real property, assignment of insurance policies, guarantees of each of TerraVest's subsidiaries other than Diamond, a pledge agreement by TerraVest in which it pledges its partnership units of TerraVest Industries Limited Partnership, and a subordination agreement in which TerraVest subordinates all present and future indebtedness, liabilities and obligations owed to TerraVest by its subsidiaries.

Under the BDC Loan, BDC provided long-term financing in the amount of $5.2 million. Security for the loan consists of a mortgage covering certain properties registered to TerraVest Industries General Partner Ltd; general security agreements providing a first security interest in all present and after acquired personal property, except consumer goods, subject only to existing and future lender charges on inventory and accounts receivable in support of a line of credit and priority agreements between BDC and HSBC. The BDC Loan is amortized over 12 years and is due on June 23, 2027. The BDC Loan bears interest at BDC's floating base rate minus 1.25% per year.

The Diamond Facility provides for a $3 million demand revolving operating facility and a $5 million ($6.5 as at June 30, 2016) 364 day committed revolving capital facility which is convertible into a two year term loan. The interest rates on the Diamond Facility are, at Diamond's option, bank prime plus 0.80% or banker's acceptance rate plus 2.4% for the operating facility and bank prime plus 0.90% or banker's acceptance rate plus 2.4% for the capital facility. The Diamond Facility is subject to margin requirements of 75% of receivables less priority claims for the operating facility and 65% of net book value of capital assets for the capital facility. The Diamond Facility is secured by a general security agreement constituting a first ranking security interest over all of Diamond's assets and assignment of its insurance policies.

The Jerico Loan provides for a maximum $43.5 million. Availability on the Jerico Loan is restricted to limits tied to accounts receivable, inventories, and property, plant and equipment. Security for the Jerico Loan consists of corporate guarantees of Jerico and each of its subsidiaries; first ranking immoveable hypothecs on all immoveable properties in Canada and the United States; assignment of insurance policies; first ranking moveable hypothec on all moveable property and equipment, both present and future, in Canada and the United states; and, International Swaps and Derivatives Association Master Agreement and its schedules. Interest for the Jerico Loan ranges between bank prime and bank prime plus 0.75% and fluctuates based upon certain financial covenant levels contained in the Jerico Loan.

Under the NWP Credit Facility, RBC agreed to provide a revolving demand facility of up to $5 million subject to certain margin requirements for receivables and inventory. Security for the NWP Credit Facility consists of a general security agreement; a guarantee and postponement of claim in the amount of $5.015 million; and cash collateral in the amount of $15,000. The NWP credit Facility bears interest at RBC prime plus 0.65%.

DISTRIBUTIONS AND DIVIDENDS

On March 6, 2013, the Corporation announced the introduction of a quarterly dividend and announced a dividend of $0.08 per Share payable on April 11, 2013 to shareholders of record as of March 28, 2013. On December 11, 2013, the Corporation announced an increase of the quarterly dividend to $0.10 per Share payable on January 15, 2014 to shareholders of record as of December 31, 2013. The dividend policy adopted by the TerraVest board of directors states that TerraVest expects to declare and pay a dividend on a quarterly basis. The dividend policy may be changed from time to time in the sole discretion of the board of directors. Accordingly there can be no assurances as to the amount or timing of any dividend in the future. For further information see: "Risks Relating to the Shares" under the heading "Risk Factors" above. Under each of the non-Diamond Facility and the Diamond Facility, distributions to shareholders are not permitted if the Corporation or Diamond respectively is in default under the applicable Facility, or if the payment of such a distribution would cause an event of default.

The following table sets forth the amount of the quarterly cash dividends paid per Share by the Corporation for each of the three most recently completed financial years.

Record Date	Payment Date	Dividend per Share
September 30, 2014	October 10, 2014	$0.10
December 31, 2014	January 9, 2015	$0.10
March 31, 2015	April 10, 2015	$0.10
June 30, 2015	July 10, 2015	$0.10
September 30, 2015	October 9, 2015	$0.10
December 31, 2015	January 11, 2016	$0.10
March 31, 2016	April 8, 2016	$0.10
June 30, 2016	July 11, 2016	$0.10
September 30, 2016	October 11, 2016	$0.10
December 31, 2016	January 11, 2017	$0.10
March 31, 2017	April 12, 2017	$0.10
June 30, 2017	July 11, 2017	$0.10
September 29, 2017	October 9, 2017	$0.10

The Corporation has declared a dividend of $0.10 per Share, payable on January 9, 2018 to shareholders of record as at December 29, 2017.

CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Shares. On June 1, 2016, the Corporation issued 581,925 Shares as consideration for the acquisition of the 12.1% minority interest in the Diamond Energy Limited Partnership.

As at September 30, 2017, $1.057 million Debentures have been converted and there are convertible debentures with a principal amount of $21.880 million issued and outstanding. As at December 22, 2017, there are convertible debentures with a principal amount of $21.519 million issued and outstanding. As at September 30, 2017 18,374,334 Shares were issued and outstanding. As at December 22, 2017, 18,265,134 Shares were issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions of the Shares:

Dividends

The holders of Shares are entitled to receive dividends, if, as and when declared by the board of directors, out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable at such times and at such place or places in Canada as the board of directors may from time to time determine.

Voting Rights

The holders of Shares are entitled to receive notice of and to attend all annual and special meetings of shareholders, and to one vote at all such meetings in respect of each Share held.

Participation on Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among the shareholders for the purpose of winding up its affairs, the shareholders shall be entitled to participate rateably in any distribution of the assets of the Corporation.

ISSUER BIDS

On November 22, 2012, the Corporation announced that the TSX had accepted a notice of its intention to proceed with a normal course issuer bid (the "**2013 Normal Course Issuer Bid**"). Pursuant to the 2013 Normal Course Issuer Bid, the Corporation was entitled to purchase for cancellation up to a maximum of 626,470 Shares. The maximum number of Shares that could be purchased pursuant to the 2013 Normal Course Issuer Bid represented approximately 5% of the issued and outstanding Shares as at the date of acceptance by the TSX of the notice of the Corporation's intention to proceed with the 2013 Normal Course Issuer Bid. The Corporation also entered into an "automatic securities purchase plan" (as defined under applicable Canadian securities laws) with National Bank Financial Inc. for the purpose of making purchases under the 2013 Normal Course Issuer Bid (the "2013 **Plan**"). The 2013 Plan was established to provide standard instructions regarding how TerraVest's Shares were to be purchased under the 2013 Normal Course Issuer Bid. Accordingly, TerraVest was permitted to purchase its Shares in accordance with the Plan on any trading day during the 2013 Normal Course Issuer Bid, including during self-imposed trading blackout periods. The 2013 Normal Course Issuer Bid expired on November 25, 2013. Under the 2013 Normal Course Issuer Bid, to its expiry, the Corporation purchased for cancellation an aggregate of 102,800 Shares at a weighted average price per Share of $3.59, with an aggregate of 90,800 Shares at a weighted average price per Share of $3.69 occurring within the nine-month fiscal year ending September 30, 2013. The Corporation renewed the 2013 Normal Course Issuer Bid under similar terms, with purchases commencing on November 26, 2013 (the "**2014 Normal Course Issuer Bid**"). Under the 2014 Normal Course Issuer Bid, the Corporation was entitled to purchase for cancellation up to a maximum of 621,305 Shares. The Corporation also entered into a new automatic securities purchase plan in connection with the 2014 Normal Course Issuer Bid on similar terms. The 2014 Normal Course Issuer Bid expired November 26, 2014. Under the 2014 Normal Course Issuer Bid, the Corporation purchased for cancellation an aggregate of 28,900 Shares at a weighted average price per Share of $4.32.

On December 18, 2014, the Corporation announced that the TSX had accepted a notice of its intention to proceed with a normal course issuer bid (the "**2015 Normal Course Issuer Bid**"). Pursuant to the 2015 Normal Course Issuer Bid, the Corporation was entitled to purchase for cancellation up to a maximum of 626,470 Shares. The maximum number of Shares that could be purchased pursuant to the 2015 Normal Course Issuer Bid represented approximately 5% of the issued and outstanding Shares as at the date of acceptance by the TSX of the notice of the Corporation's intention to proceed with the 2015 Normal Course Issuer Bid. The Corporation also entered into an "automatic securities purchase plan" (as defined under applicable Canadian securities laws) with National Bank Financial Inc. for the purpose of making purchases under the 2015 Normal Course Issuer Bid (the "2014 Plan"). The 2014 Plan was established to provide standard instructions regarding how TerraVest's Shares were to be purchased under the 2015 Normal Course Issuer Bid. Accordingly, TerraVest was permitted to purchase its Shares in accordance with the 2014 Plan on any trading day during the 2015 Normal Course Issuer Bid, including during self-imposed trading blackout periods. The 2015 Normal Course Issuer Bid expired on December 17, 2015. Under the 2015 Normal Course Issuer Bid, the Corporation purchased for cancellation an aggregate of 89,900 Shares at a weighted average price per Share of $5.95.

On May 26, 2015, the Corporation announced that the TSX had accepted a notice of its intention to proceed with a normal course issuer bid to acquire its unsecured subordinated convertible debentures (the "**2016 Debenture Normal Course Issuer Bid**"). Pursuant to the 2016 Debenture Normal Course Issuer Bid, the Corporation was entitled to purchase for cancellation up to a maximum of $2.1 million aggregate principal amount of its issued and outstanding convertible unsecured subordinated debentures. The 2016 Debenture Normal Course Issuer Bid expired on May 27, 2016. Under the 2016 Debenture Normal Course Issuer Bid, the Corporation purchased for cancellation convertible unsecured subordinated debentures with an aggregate principal balance of $1.6 million at a weighted average price of $90.44 per debenture.

On December 14, 2015, the Corporation announced that the TSX had accepted a notice of its intention to proceed with a normal course issuer bid (the "**2016 Normal Course Issuer Bid**"). Pursuant to the 2016 Normal Course Issuer Bid, the Corporation is entitled to purchase for cancellation up to a maximum of 913,619 Shares. The maximum number of Shares that can be purchased pursuant to the 2016 Normal Course Issuer Bid represents approximately 5% of the issued and outstanding Shares as at the date of acceptance by the TSX of the notice of the Corporation's intention to proceed with the 2016 Normal Course Issuer Bid. The Corporation also entered into an "automatic securities purchase plan" (as defined under applicable Canadian securities laws) with National Bank Financial Inc. for the purpose of making purchases under the 2016 Normal Course Issuer Bid (the "2016 Plan"). The 2016 Plan was established to provide standard instructions regarding how TerraVest's Shares are to be purchased under the 2016 Normal Course Issuer Bid. Accordingly, TerraVest is permitted to purchase its Shares in accordance with the Plan on any trading day during the 2016 Normal Course Issuer Bid, including during self-imposed trading blackout periods. The 2016 Normal Course Issuer Bid expires on December 17, 2016. Under the 2016 Normal Course Issuer Bid, to the date of this AIF, the Corporation purchased for cancellation an aggregate of 532,300 Shares at a weighted average price per Share of $6.02. In addition, on May 20, 2016, pursuant to the terms of a share purcahse agreement, the Corporation purchased 500,000 Shares for cancellation from Dale Laniuk for a purchase price of $6.00 per share.

On May 25, 2016, the Corporation announced that the TSX had accepted a notice of its intention to proceed with a normal course issuer bid to acquire its unsecured subordinated convertible debentures (the "**2017 Debenture Normal Course Issuer Bid**"). Pursuant to the 2017 Debenture Normal Course Issuer Bid, the Corporation is entitled to purchase for cancellation up to a maximum of $1.9 million aggregate principal amount of its issued and outstanding convertible unsecured subordinated debentures. The 2017 Debenture Normal Course Issuer Bid expires on May 29, 2017. Under the 2017 Debenture Normal Course Issuer Bid, to the date of this AIF, the Corporation purchased for cancellation convertible unsecured subordinated debentures with an aggregate principal balance of $0.454 million.

On December 19, 2016 the Corporation announced that the TSX had accepted a notice of its intention to proceed with a normal course issuer bid to aqcuire its common shares (the "**2017 Normal Course Issuer Bid**"). Pursuant to the 2017 Normal Course Issuer Bid, the Corporation is entitled to purchase for cancellation up to a maximum of 915,911 Shares, which represents 5% of the issued and outstanding Shares as at the date of acceptance by the TSX. The Corporation also entered into an "automatic securities purchase plan" (as defined under applicable Canadian securities laws) with National Bank Financial Inc. for the purpose of making purchases under the 2017 Normal Course Issuer Bid (the "**2017 Plan**"). The 2017 Plan was established to provide standard instructions regarding how TerraVest's Shares are to be purchased under the 2017 Normal Course Issuer Bid. Accordingly, TerraVest is permitted to purchase its Shares in accordance with the Plan on any trading day during the 2017 Normal Course Issuer Bid, including during self-imposed trading blackout periods. The 2017 Normal Course Issuer Bid expires on December 18, 2017. Under the 2017 Normal Course Issuer Bid, to the date of this AIF, the Corporation purchased for cancellation an aggregate of 179,700 Shares at a weighted average price per Share of $9.42.

On July 4, 2017, the Corporation announced that the TSX had accepted a notice of its intention to proceed with a normal course issuer bid to acquire its unsecured subordinated convertible debentures (the "**2018 Debenture Normal Course Issuer Bid**"). Pursuant to the 2018 Debenture Normal Course Issuer Bid, the Corporation is entitled to purchase for cancellation up to a maximum of $1.8 million aggregate principal amount of its issued and outstanding convertible unsecured subordinated debentures. The 2018 Debenture Normal Course Issuer Bid expires on July 3, 2018. Under the 2018 Debenture Normal Course Issuer Bid, to the date of this AIF, the Corporation purchased for cancellation convertible unsecured subordinated debentures with an aggregate principal balance of $0.257 million.

MARKET FOR SECURITIES

The Shares of the Corporation are listed for trading on the TSX under the symbol TVK. Monthly trading price and volume information for the year ended September 30, 2017 is set forth below:

	Price per Share ($)		
Month	High	Low	Share Trading Volume
October 2016	8.74	7.48	57,469
November 2016	8.30	6.71	87,285
December 2016	8.95	7.85	80,526
January 2017	9.00	8.25	52,939
February 2017	9.05	8.45	59,127
March 2017	10.06	8.79	129,461
April 2017	9.90	9.25	104,599
May 2017	9.94	9.05	163,795
June 2017	10.24	9.40	92,156
July 2017	10.12	9.34	70,474
August 2017	9.66	9.25	137,418
September 2017	9.73	8.43	58,776

The subordinated unsecured convertible debentures of the Corporation are listed for trading on the TSX under the symbol TVK.DB. Monthly trading price and volume information for the year ended September 30, 2017 from the date of issuance is set forth below:

	Price per $100 debenture		
Month	High	Low	Debenture Trading Volume
October 2016	104.51	101.75	300,000
November 2016	105.01	101.05	578,000
December 2016	108.88	104.00	843,000
January 2017	110.00	106.40	203,000
February 2017	110.01	107.00	646,000

March 2017	117.95	109.97	655,000
April 2017	117.00	113.00	544,000
May 2017	116.00	112.31	555,000
June 2017	121.00	114.00	516,000
July 2017	119.00	115.00	154,000
August 2017	115.00	112.00	221,000
September 2017	114.00	110.00	100,000

DIRECTORS AND EXECUTIVE OFFICERS

The following table lists, as at December 14, 2017, for each director ("Director") and executive officer of TerraVest, his name, position with the TerraVest and principal occupations during the five preceding years.

Name and Municipality of Residence	Term as Director[1]	Principal Occupation During the Five Preceding Years
Charles Pellerin[2,4,5] Victoriaville, Quebec, Canada	Since February 15, 2014	President of Pellerin Potvin Gagnon S.E.N.C.R.L. Mr. Pellerin also serves on the Board of Clarke Inc.
Blair Cook[3,4] Halifax, Nova Scotia, Canada	Since June 26, 2012	Partner at Executive Finance Partners. Mr. Cook also serves on the board of Clarke Inc.
Dale H. Laniuk[1] Vegreville, Alberta, Canada	Since May 3, 2004	Retired investor and corporate director; President and Chief Executive Officer of TerraVest from September 14, 2012 to February 3, 2015; President and Chief Executive Officer of TerraVest Industries Inc. ("**Industries**") from February 23, 2012 to October 31, 2012; Non-executive Chair of Industries and the Fund from October 31, 2009 to February 23, 2011 with executive responsibility for Fabrication.
Rocco Rossi [3,4] Toronto, Ontario, Canada	Since June 26, 2012	Rocco Rossi is the incoming CEO of the Ontario Chamber of Commerce representing the interests of over 60,000 businesses big and small. He was formerly for 5 years the CEO of Prostate Cancer Canada which was ranked by the Financial Post as one of the top 3 health charities in Canada in terms of efficiency and financial transparency in 2017.
Darryl Vinet[3,4] Vegreville, Alberta, Canada	June 26, 2012-December 7, 2016	Corporate director and investor.
Michael (Mick) MacBean[3,4] Calgary, Alberta, Canada	Since May 2, 2017	Mick is a Senior Managing Director at TriWest Capital Partners. Prior to joining TriWest, Mick was a founder and CEO of Diamond Energy Services, a Saskatchewan-based energy services firm. Mick successfully operated Diamond from 1998 to 2010. Prior to Diamond, Mick was employed at ARC Financial Corporation, a Calgary-based merchant banking and private equity firm.

Name and Municipality of Residence	Term as Director[1]	Principal Occupation During the Five Preceding Years
Dustin Haw[4] Toronto, Ontario, Canada	Since June 18, 2014	Vice President Investments Clarke Inc. Prior to joining Clarke, Dr. Haw was employed at Geosam Capital Inc., a private investment company specializing in small and mid-capitalization companies, with a focus on real estate and industrial investments. Dr. Haw serves on the Board of Holloway Lodging Corporation. Dr. Haw holds a PhD in physics from the University of Western Ontario.
Mitchell Gilbert Toronto, Ontario, Canada	n/a	Chief Investment Officer of TerraVest from September 3, 2013. Prior to September 3, 2013, Mr. Gilbert was employed as an investment banker with a Canadian chartered bank.

Notes:

1. The term as director includes the director's prior position as a trustee of the Fund and a director of TerraVest Industries Inc. Each director has been elected to serve until the next annual meeting of shareholders.
2. Chairman of the board of Trustees and the board of Directors since June 18, 2014.
3. Member of the Audit Committee (chaired by Mr. Cook).
4. Member of the Governance and Nominating Committee (chaired by Mr. Pellerin).
5. Mr. Pellerin was appointed Executive Chairman of TerraVest on June 18, 2014.

Share Ownership

As at December 14, 2017, as a group the Directors and Executive Officers of TerraVest held, either directly or indirectly, or exercised control over 5,426,326 Shares, representing 29.6% of the Shares outstanding.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee Charter is attached as Appendix "A" to this AIF. The Audit Committee Charter provides that the Audit Committee will pre-approve all non-audit services to be provided by the external auditor.

Composition and Background

The Audit Committee is comprised of Blair Cook, C.A., Chairman, Rocco Rossi, and Darryl Vinet. Each member of the Audit Committee is independent and financially literate as such terms are defined in National Instrument 52-110 – Audit Committees.

Education and Experience of Members

Blair Cook, CPA, CA, MBA

Mr. Cook has been a Director since June 26, 2012. Mr. Cook is currently serving as the Chairman of the Audit Committee for Clarke Inc. Mr. Cook is a Partner at Executive Finance Partners – a financial consulting firm. Mr. Cook previously served as Chief Financial Officer of Scotsburn Ice Cream Company. Mr. Cook holds a Bachelor of Business Administration from Acadia University, a Masters of Business Administration from St. Mary’s University and obtained his Chartered Accountant designation in 1995.

Rocco Rossi

Mr. Rossi is the president and CEO of Prostate Cancer Canada and a principal of the Yellow Arrow Group, a consulting firm that provides C-Suite and Board level strategic advice for organizations looking for restructuring and/or breakthrough growth. Mr. Rossi currently sits as a Director and member of the Audit Committee of Potash Ridge Corporation, a publicly traded company. Mr. Rossi holds a Bachelor of Arts (Political Science) degree from McGill University and a Master of Arts (Political Science) from Princeton University.

Michael (Mick) MacBean

Mick is a Senior Managing Director at TriWest Capital Partners. Prior to joining TriWest, Mick was a founder and CEO of Diamond Energy Services, a Saskatchewan-based energy services firm. Mick successfully operated Diamond from 1998 to 2010. Prior to Diamond, Mick was employed at ARC Financial Corporation, a Calgary-based merchant banking and private equity firm.

Mick holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Accountant and a Chartered Director. Mick also currently serves on the Board of Directors of a number of private and public companies.Audit fees

Deloitte LLP, Chartered Accountants was TerraVest's auditor since the inception of TerraVest Income Fund on May 3, 2004. On December 31, 2014, TerraVest changed its audit firm to Raymond Chabot Grant Thornton LLP. In addition to the audit of the Corporation's consolidated financial statements, Raymond Chabot Grant Thornton LLP have provided other services to TerraVest and its subsidiaries for the last two fiscal years as set forth below:

	2017	**2016**
Audit Services	$45,000	$262,871
Audit related services	-	-
Tax compliance and advisory fees	-	-
All other fees	22,500	7,500
	$67,500	$270,371

Audit Fees

Audit fees were paid for professional services rendered by the auditor for the audit of TerraVest's annual financial statements or services provided in connection with statutory and regulatory filings or engagements.

Audit Related Fees

Audit related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees described above. Certain services consist of assurance and related services for new developments both in Corporation policies and accounting standards. Other services include review of the interim condensed consolidated financial statements, translation of financial statements and MD&A, services with respect to prospectus offerings and business acquisitions and fees for audit assurance over transactions completed during the year. With the exception of translation of financial statements and MD&A, the non-audit services are not expected to continue.

Tax Compliance and Advisory Fees

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning. These services consisted of tax compliance including the review of original and amended tax returns, tax planning, and advisory services relating to common forms of taxation including income tax, goods and services tax, capital tax and property tax as well as assistance with respect to tax issues arising from business acquisitions. The auditor provided no tax compliance and advisory services in the current year.

INTERESTS OF EXPERTS

Effective December 31, 2014, the Corporation changed auditors from Deloitte LLP, Chartered Accountants to Raymond Chabot Grant Thornton, LLP Chartered Accountants.

Raymond Chabot Grant Thornton LLP, Chartered Accountants, the auditor of the Corporation, is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. During the period covered by this AIF, Raymond Chabot Grant Thornton has audited TerraVest's financial statements for the year ended September 30, 2017.

LEGAL PROCEEDINGS

None of the Corporation and its subsidiaries is involved in any legal proceeding that are outside the ordinary course of business or that Management would expect to result in a material adverse effect on the Corporation, its financial condition or its operations.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Shares is Canadian Stock Transfer Company Inc. at its principal offices in Calgary, Alberta and Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Shares is contained in the Corporation's information circular for its annual meeting. Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended September 30, 2017. These documents and other additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Appendix "A"

TERRAVEST GROUP
AUDIT COMMITTEE CHARTER

Mandate of the Committee

The mandate of the Audit Committee (the "***Committee***") of the TerraVest Group is to oversee and ensure that management has applied due diligence in creating and maintaining an effective financial and risk management and control framework.

Within the TerraVest Group's overall governance structure, the Committee is formally structured as a committee of the Board (the "***Board***") of Directors (the "***Directors***") of TerraVest Capital Inc. (the "***Corporation***"), which manages the portfolio companies (i.e. the corporations and limited partnerships) in which the Corporation holds business investments (e.g. RJV and Diamond) and as such has overall responsibility for the business and operations of the TerraVest Group as a whole. Accordingly, to the extent required, the Committee's mandate extends to oversight of the Corporation and all of the portfolio companies of the Corporation from time to time and references in this Charter to the "***TerraVest Group***" are intended to include all such entities. This framework is intended to provide reasonable assurance that the financial, operational and regulatory objectives of the TerraVest Group are achieved and that the legal responsibilities of the Corporation and the Board are appropriately discharged. The role of the Committee is primarily one of review, monitoring and recommendation to the Board.

The Committee fulfils its role on behalf of the Board by overseeing:

1. the integrity of the TerraVest Group's financial statements, financial information and accounting, financial reporting (including MD&A, as hereinafter defined) and auditing processes;

2. the external auditor's qualifications, independence and performance and recommending to the Board of Directors the external auditor to be nominated and the compensation of such external auditor;

3. the TerraVest Group's compliance with legal and regulatory requirements; and

4. risk management, management information systems, governmental legislation and external business of the TerraVest Group.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to determine that the TerraVest Group's financial statements are complete, accurate and in accordance with generally accepted accounting principles applicable to publicly accountable enterprises or to certify the TerraVest Group's financial statements. Management is responsible for preparing the TerraVest Group's financial statements and the external auditor is responsible for auditing the annual financial statements. It is not the duty of the Committee to act as an internal auditor or to conduct investigations to assure the TerraVest Group's compliance with laws, regulations or TerraVest Group policies. The Committee shall however, assist the Board in overseeing that management and the external auditor fulfill their responsibilities in the TerraVest Group's financial reporting process.

The Committee has the authority to obtain independent legal counsel and outside accounting and other advisors as deemed appropriate to perform its duties and responsibilities. The Corporation shall provide appropriate funding to compensate the external auditor and any advisors that the Committee chooses to engage. The Committee is authorized to communicate directly with the external auditor to discuss and review specific issues as necessary.

Responsibilities

The Committee will primarily fulfil its responsibilities by carrying out the activities enumerated in the following sections of this Charter. The Committee will report regularly to the Board as required, regarding the execution of its duties and responsibilities.

In fulfilling its mandate, the Committee shall:

A. Internal and Disclosure Controls

1. Review with the external auditor and management the effectiveness and integrity of the TerraVest Group's system of disclosure controls and system of internal controls regarding finance, accounting, compliance and ethics, that management, in consultation with the Board, has established.

2. Where the Committee considers it necessary and appropriate, set up and review an internal audit process and review any appointment or dismissal of senior internal audit personnel appointed in connection therewith.

3. Review the evaluation of internal controls by the external auditor with management and the subsequent follow-up to any identified weaknesses.

4. Review the appointment of the Chief Financial Officer and any other key financial executives who are involved in the financial reporting process or the entering into of any management contract or other arrangement pursuant to which the duties typically associated with such positions will be fulfilled.

5. Determine the appropriate resolution of conflicts of interest in respect of audit, finance and risk matters, properly directed to the Committee.

6. Review with management and the external auditor:

   (a) in conjunction with the report of the external auditor, the TerraVest Group's audited annual financial statements, including related footnotes and management's discussion and analysis of financial conditions and results of operations ("MD&A"),

   (b) the significant accounting judgments and reporting principles, practices and procedures applied by the TerraVest Group in preparing its financial statements including any newly adopted accounting policies,

   (c) significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit,

   (d) the co-operation received by the external auditor during the audit, including access to all requested records, data and information,

   (e) any correspondence with regulatory or governmental authorities which raises material issues regarding the TerraVest Group's financial statements or accounting policies, and

   (f) any other matters not described above that are required to be communicated by the external auditors to the Committee pursuant to applicable law and regulation.

7. Review with management, including any comments from the external auditors, the TerraVest Group's quarterly financial statements and related MD&A.

8. Obtain an explanation from management of all significant variances between comparative reporting periods. The Committee shall review all financial statements, both annual and interim, prior to their presentation to the Board for approval.

9. Review and recommend for approval by the Board all documents to be publicly disclosed, prior to their release, which contain audited or unaudited financial information. Such documents include any prospectuses, interim unaudited financial statements, year-end audited financial statements, the annual report, the annual proxy circular, the annual information form, all news releases and disclosures made under MD&A.

10. Review with management the procedures that exist for the review of financial information extracted or derived from financial statements which is publicly disclosed by the TerraVest Group other than in the documents listed in section 9 above and periodically, at least annually, assess the adequacy of those procedures, as required by National Instrument 52-110 – Audit Committees ("**NI 52-110**"), section 2.3.

11. Review with management and the external auditor all off-balance sheet financing mechanisms being used by the TerraVest Group, their risks and the clear disclosure of those risks and all other material financial risks to the TerraVest Group's business.

12. Discuss with the TerraVest Group's legal counsel, at least annually, legal and regulatory matters that may have a material impact on the financial statements.

13. Review with the Chief Financial Officer and the Chief Executive Officer (or their management equivalents) their respective disclosures made to the Committee during the certification process as required by National Instrument 52-109, including:

    (a) any significant deficiencies or material weaknesses in the design or operation of internal controls,

    (b) any fraud involving management or other employees who have a significant role in the TerraVest Group's internal controls,

    (c) any other obligations arising from certification, and

    (d) any significant changes in the internal controls.

14. Review with management and the external auditor the TerraVest Group's Code of Business Conduct and Ethics, and report to the Board and Governance and Nominating Committee, as appropriate, in respect thereof.

15. Establish and maintain procedures for:

    (a) the receipt, retention and treatment of complaints received by the TerraVest Group regarding the TerraVest Group's accounting, internal accounting controls or auditing matters, and

    (b) the confidential and anonymous submission by TerraVest Group employees of concerns regarding questionable accounting or auditing matters, and review all matters relating thereto.

16. Review with management the details of all transactions between the TerraVest Group and parties related to the TerraVest Group.

B. Oversight of the External Auditor

1. Recommend to the Board and to the shareholders the nomination of the external auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the TerraVest Group.

2. Review the qualifications and independence of the external auditor during the year.

3. Maintain a clear understanding with the external auditor that it is to have an open and transparent relationship with the Committee and that it is to report directly to the Committee.

4. Provide a scheduled opportunity to meet with the external auditor for full, frank and timely discussions of all material issues, without management present.

5. Discuss with the external auditor the scope and timing of the audit work with particular reference to high risk areas or areas of concern to the Board.

6. Inquire as to whether the audit partner receives compensation based on the audit partner procuring engagements to provide services other than audit, review or attestation services to the TerraVest Group.

7. Review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102 on a routine basis, whether or not there is to be a change of external auditor.

8. Review all issues and documentation related to a change of external auditor, including information to be included in the Change of Auditor Notice and documentation called for under National Instrument 51-102 and the planned steps for an orderly transition period.

9. Appropriately supervise and evaluate the performance of the external auditor and lead audit partner, and report conclusions to the Board.

10. Review and approve the TerraVest Group's hiring policies regarding partners, employees, former partners and former employees of the current and previous external auditors of the TerraVest Group.

11. Oversee the rotation of audit partners as required by applicable regulation and, in order to ensure continuing auditor independence, consider annually whether it is appropriate to adopt a policy of rotating the TerraVest Group's external auditing firm on a regular basis.

12. Pre-approve the nature of, and fees for, all audit, review, attestation and non-audit services provided by the external auditor, prior to engagement, subject to the de minimis exemption contained in section 2.4 of NI 52-110 and disclose such pre-approvals in accordance with applicable securities law.

13. Consider the effect of significant non-audit engagements on the independence of the external auditor.

14. Provide to the external auditor any information and explanations, and access to records, documents, books, accounts and vouchers of the TerraVest Group and any related entities that are, in the opinion of the external auditor, necessary to make the examinations and reports required under legislation or regulation.

C. Oversight of Financial Reporting and Accounting Policies

1. Review with management and the external auditor significant financial reporting issues arising during the fiscal period and the methods of resolution.

2. Prior to the issuance of the external auditor's report on the TerraVest Group's financial statements, discuss the following with the external auditor:

   (a) all critical accounting policies and practices applied in the financial statements,

   (b) all alternative accounting and disclosure treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternate treatments and disclosures, and the treatment preferred by the external auditor, and

   (c) other material written communications between the external auditor and management, such as the post audit or management letter and schedule of unadjusted differences.

3. Inquire of the external auditor as to the quality of the TerraVest Group's accounting estimates, discussing significant judgments made in connection with the preparation of the financial statements.

4. Review with management any proposed changes in major accounting policies, the impact and clear disclosure of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting.

5. Prepare such reports and letters or other disclosure documents as are required to be prepared by the Committee under applicable securities legislation.

6. Review any notice received by the Committee with respect to an error or misstatement of which a Director or officer becomes aware.

D. Additional Duties and Responsibilities

1. Review risk assessment and risk management policies including the TerraVest Group's major financial and accounting risk exposures, the steps management has undertaken to control them, and the clear disclosure of such material risks as part of the TerraVest Group's continuous disclosure requirements.

2. Review the amount and terms of any insurance to be obtained or maintained by the TerraVest Group, including insurance with respect to potential liabilities incurred by the Directors or officers in the discharge of their duties and responsibilities.

3. Review any significant transaction outside the TerraVest Group's ordinary course of business.

4. Review all pending litigation involving the TerraVest Group on at least a quarterly basis.

E. General

1. The Committee shall review and assess annually the adequacy of this Charter and recommend any proposed changes to the Governance and Nominating Committee for approval.

2. The Committee shall undertake reviews of the performance of the Committee and the Chair of the Committee on a basis consistent with the evaluation process established by the Governance and Nominating Committee.

3. To fulfil its responsibilities and duties the Committee may:

    (a) inspect any and all of the books, records and financial affairs of the TerraVest Group, its subsidiaries and affiliates; and Audit Committee Charter November 2012

    (b) meet with any executive or employee of the TerraVest Group with or without management to review such accounts, records and other matters as any member of the Committee considers necessary and appropriate.

4. The Committee shall receive reports as required from the Governance and Nominating Committee and discuss with them issues of relevance to the Committee.

5. The Committee shall review when deemed necessary by the Committee any of the financial affairs of the TerraVest Group, its subsidiaries or affiliates and make recommendations to the Board, to the external auditor, or to management, as appropriate.

6. The Committee shall report regularly to the Board through the Chair of the Committee or through such other person appointed by the Committee the conclusions reached and issues considered by the Committee.

7. The Committee shall perform any other activities consistent with this Charter as the Committee deems necessary or appropriate in order to carry out its mandate.

Composition of the Committee

1. The Committee shall be comprised of at least three Directors.

2. Each member of the Committee shall be "independent", "outside" and "unrelated" (collectively, "independent"), as affirmatively determined by the Board, which, for the purposes of this Charter shall mean:

   (a) a Director who is independent of management and is free from any interest in any business or other relationship which could, or could reasonably be perceived to materially interfere with the Director's ability to act with a view to the best interests of the TerraVest Group, other than interests and relationships arising from shareholdings;

   (b) a Director who has no direct or indirect material relationship with the TerraVest Group (a material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Director's independent judgment), including any relationship explicitly considered to be material under NI 52-110 and any other applicable Canadian law or regulation;

   (c) other than as a member of the Committee, the Board, any other committee of the Board or the board of a portfolio company, a Director who does not and has not accepted any consulting, advisory or compensatory fee from the TerraVest Group; and

   (d) a Director who is not an "affiliated person" of the TerraVest Group or any subsidiary thereof within the meaning of applicable Canadian law and regulation.

3. The Directors shall appoint the members of the Committee at the first meeting of the Directors following each annual meeting ("**Annual Meeting**") of the shareholders of the Corporation.

4. The Directors shall appoint one member of the Committee to be the Chair of the Committee.

5. A Director appointed by the Directors to the Committee shall be a member of the Committee until the next Annual Meeting or until his or her earlier resignation or removal by the Directors. A member shall cease to be a member of the Committee upon ceasing to be a Director of the Corporation.

6. The Directors may remove or replace any member of the Committee at any time.

7. The Corporate Secretary of the Corporation or, in the alternative, one of the members chosen by the Committee shall be the Secretary of the Committee.

8. Members of the Committee may not serve on the audit committee of more than two additional public companies without the prior approval of the Directors.

   (a) Each member of the Committee shall be financially literate. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the TerraVest Group's financial statements.

   (b) A Committee member who is not financially literate may be appointed to the Committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment.

Meetings of the Committee

1. The Committee shall convene at such times and places designated by the Chair of the Committee, at least on a quarterly basis, and whenever a meeting is requested by the Directors, a member of the Committee, the

external auditor, or a senior officer of the TerraVest Group. The Committee shall meet in separate sessions with management and the external auditor at each regularly scheduled meeting.

2. Notice of each meeting of the Committee shall be given to each member and to the external auditor, who shall be entitled to attend each meeting of the Committee.

3. Notice of a meeting of the Committee shall:

   (a) be in writing (which may be communicated by electronic facsimile or other communication facilities);

   (b) state the nature of the business to be transacted at the meeting in reasonable detail;

   (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and

   (d) be given at least 24 hours preceding the time stipulated for the meeting.

4. A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee.

5. A member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at that meeting.

6. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting and the members shall choose one of the persons present to be the Secretary of the meeting.

7. Management of the TerraVest Group may attend meetings of the Committee as deemed appropriate by the Committee, and shall attend meetings of the Committee when requested to do so by the Committee.

8. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and Secretary of the meeting. The minutes shall be maintained with the TerraVest Group's records, shall include copies of all resolutions passed at each meeting, and shall be available for review by members of the Committee, the Directors, management and the external auditor.

Appendix "B"

CORPORATE GOVERNANCE

Director Term Limits and Other Mechanisms of Board Renewal

Each director elected serves until the next annual meeting of shareholders unless his or her office is earlier vacated in accordance with the by-laws of the Corporation. The Board does not currently have a limit on the number of consecutive terms for which a director may sit as it believes that arbitrary term or age limits often prevent or restrict the continued service on the Board of the most experienced and valuable directors who will have acquired an institutional knowledge of the Corporation from such years of service. The imposition of inflexible term limits may not necessarily correlate with returns or benefits for stakeholders. Rather, the Board maintains a flexible approach to Board succession whereby it considers the addition of potential candidates in conjunction with its assessments of current directors and the Board as a whole. The Governance and Nominating Committee has an effective director evaluation process which is used at least annually and which the Board believes is a more effective method to assess the fitness for service on the Board than age or term served. Further, the Governance and Nominating Committee surveys each director individually prior to each meeting of shareholders at which directors are to be elected to determine whether each director has sufficient time to devote to his or her Board duties and whether there is any other reason for which such director does not believe he or she should stand for re-election. The Board believes that the above approach allows the Corporation to maintain an effective Board succession process.

Policies Regarding the Representation of Women on the Board

The Corporation has not adopted a written policy relating to the identification and nomination of women directors. The members of the Board have diverse backgrounds and expertise and were selected on the belief that the Corporation and its stakeholders would benefit materially from such a broad range of talent and experience. As the need for new directors or executive officers arises, the Governance and Nominating Committee assess candidates on the basis of knowledge, industry experience, financial literacy, professional ethics and business acumen. While the Governance and Nominating Committee recognize the potential benefits from new perspectives that could manifest through greater gender diversity and recognizes that diversity can enhance culture and create value for the Corporation and its stakeholders, the Corporation has not formally adopted a written diversity policy.

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

The Governance and Nominating Committee considers the level of representation of women as one of the factors in identifying and nominating candidates for election or re-election to the Board, by attempting to identify the most diverse (including gender-diverse) and inclusive pool of available candidates. The Corporation to date has sought to increase diversity at the Board level through the recruitment efforts of the Governance and Nominating Committee and the Board remains receptive to increasing the representation of women on the Board, as director turnover occurs. The Governance and Nominating Committee takes into consideration diversity (including gender diversity) as one of the many factors to maintain an appropriate mix and balance of diversity, attributes, skills and experience. The other factors that the Governance and Nominating Committee considers are: the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; the competencies and skills each new nominee will bring to the Board; the time and energy of the proposed nominee to devote to the Board tasks; the independence of the proposed nominee; and the understanding by the proposed nominee of the nature of the business and operations of the Corporation. Ultimately, Board appointments are based on merit measured against objective criteria, having due regard to the benefits of diversity in board composition, with the goal of maximizing the effectiveness of corporate decision-making and fulfilling the best interests of stakeholders.

Consideration Given to the Representation of Women in Executive Officer Appointments

The Corporation does consider the level of representation of women in executive officer positions when making executive officer appointments. The Corporation also considers the skills and experience necessary for the position, as well as each individual candidate's competence, qualification, experience and performance regardless of gender, age, ethnic origin or other aspects of diversity when determining executive officer appointments. While the Corporation has not adopted a target regarding women in executive officer positions of the Corporation (discussed below), it is committed to advancing women, and other individuals representing a diversity of backgrounds, into leadership roles in the Corporation through mentoring, continuing educational development and succession planning processes.

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

The Corporation has not adopted a target regarding women on the Board, as the Board does not believe a fixed target regarding the representation of women on the Board or in senior leadership (including executive officer positions) would automatically result in the identification or selection of the most appropriate candidates for the Corporation's specialized business and its current stage of operations. None (0%) of the directors on the Board are women. None (0%) of the executive officers of the Corporation are a woman. Diversity, including gender, age, nationality, cultural and educational background and business and other experience, is one of the factors that the Governance and Nominating Committee considers in identifying and nominating candidates for election or re-election to the Board. The Governance and Nominating Committee believes all of these factors are relevant to ensure high functioning board members and that establishing fixed targets based upon only one of these factors may disqualify desirable director candidates. Further, the Governance and Nominating Committee believes that appointments of directors and executive officers should be made, and should be perceived as being made, on the merits of individuals and that the adoption of a fixed target could interfere with the application of this approach. Merit is considered by the Governance and Nominating Committee against objective criteria, while having due regard to the benefits of diversity and to the needs of the Corporation. The Corporation is committed to providing an environment in which all employees and directors are treated with fairness and respect, and have equal access to opportunities for advancement based on skills and aptitude.