

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

MANAGEMENT INFORMATION CIRCULAR (as at August 23, 2017)  
FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MONDAY, SEPTEMBER 18, 2017

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## Who We Are

Empire Industries Ltd. develops, designs and manufactures media-based attractions and provides ancillary services for the rapidly growing, global, attractions market. It has also developed a niche market in the design and fabrication of heavy precision moving structures such as observatory telescopes and telescope enclosures.

In addition to its wholly owned operations, Empire Industries Ltd. also has two key strategic equity investments; a 49% ownership of ACE Industrial Services that operates in the oil sands industrial maintenance services market, and a 45% ownership of a Chinese joint venture company in the steel fabrication market in Asia.

Empire's common shares are listed on the TSX Venture Exchange under the symbol EIL.

# Empire Industries Ltd. Notice of Annual General and Special Meeting of Shareholders

You are invited to the Empire Industries Ltd. Annual General and Special Meeting of Shareholders

**When**

Monday, September 18, 2017  
10:00 am (Eastern Time)

**Where**

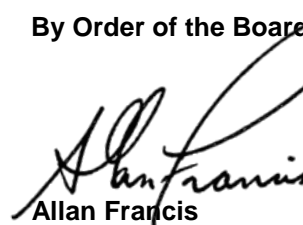
Ivey Tangerine Leadership Centre  
130 King St W  
Exchange Tower, Ground Floor  
Toronto ON M5X 1A9

**Business of the Annual General and Special Meeting of Shareholders:**

1. fixing the number of Directors to be elected at five (5);
2. electing the Directors of the Corporation;
3. appointing MNP LLP as the auditors for the 2017 year and authorizing the Directors to fix the auditor's remuneration;
4. approving the Corporation's Stock Option Plan, as set out in the Information Circular;
5. considering any other business which may properly come before the meeting.

**DATED:** August 23, 2017

**By Order of the Board of Directors**



Allan Francis  
Corporate Secretary

If you are unable to be present at the meeting, **PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY to: PROXY DEPT.**, AST Trust Company Inc., PO Box 721, Agincourt, ON M1S 0A1, or by email to [proxy@canstockta.com](mailto:proxy@canstockta.com) or by fax at (416) 368-2502 (Toll Free: 1-866-781-3111 Canada & US only), not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the Meeting or any adjournment thereof. A proxy is valid only at the Meeting in respect of which it is given or any adjournment(s) of that Meeting.

# Letter to Shareholders

August 23, 2017

Fellow Shareholders,

You are invited to attend Empire Industries Ltd.'s ("Empire") Annual General and Special Meeting of holders ("Shareholders") of common shares ("Common Shares"), which will be held at the Ivey Tangerine Leadership Centre, 130 King Street West, Exchange Tower (Ground Floor), Toronto, Ontario, M5X 1A9, on Monday, September 18, 2017 at 10:00 AM (Eastern Time). We look forward to seeing you as we present our views on our 2016 achievements, the first half of 2017, and some of our future plans. We hope you can join us.

This Information Circular contains important information about the Annual General and Special Meeting of Shareholders, including the business to be conducted, voting, director nominations, corporate governance practices, and compensation of our named executive officers and directors. If you cannot attend the Annual General and Special Meeting in person, and are a holder of our common shares, please use the enclosed proxy or voting instruction form to submit your vote prior to the meeting.

The board of directors would like to recognize and thank Jane Lin and Peter White-Robinson, who are not standing for re-election this year. Jane first joined the board in 2011 and has provided the board with valuable advice, particularly as it relates to business in China. Peter White-Robinson, who has recently been promoted to Chief Operating Officer of our Dynamic Structures business unit, is leaving the board to focus his full time and attention on his key operational role.

Thank you for your investment in Empire, and for your participation in these important decisions.

Sincerely,



**Guy Nelson**  
Executive Chairman and  
Chief Executive Officer



**Ian Macdonald**  
Non-executive Chairman



# INFORMATION CIRCULAR

## For the Annual General and Special Meeting of Shareholders to be held on September 18, 2017

Information is as of August 23, 2017 unless otherwise stated

### Proxy Solicitation

#### Purpose of Solicitation

The information contained in this Information Circular is provided to the holders (the "Shareholders" and each a "Shareholder") of common shares ("Common Shares") of Empire Industries Ltd. (the "Corporation") in connection with the solicitation by management and the directors of the Corporation of proxies to be used at the Annual General and Special Meeting (the "Meeting") of the Shareholders to be held at the Ivey Tangerine Leadership Centre, 130 King Street West, Exchange Tower (Ground Floor), Toronto, Ontario, M5X 1A9, on Monday, September 18, 2017 at 10:00 A.M. (Eastern time), and at all adjournments thereof, for the purposes set forth in the Notice of Annual General and Special Meeting (the "Notice") which accompanies this Information Circular.

The cost of such solicitation will be borne by the Corporation and will be made primarily by mail. Directors and officers of the Corporation may without special compensation solicit proxies by telephone, facsimile or in person.

#### Appointment and Revocation of Proxies

**Shareholders have the right to appoint a nominee (who need not be a shareholder) to represent them at the Meeting other than the persons designated in the enclosed form of proxy, and may do so by inserting the name of the appointed representative in the blank space provided in the form of proxy.**

A form of proxy will not be valid for the Meeting or any adjournment unless it is completed by the Shareholder or by his attorney authorized in writing and must be delivered to: Proxy Department, AST Trust Company Inc., P.O. Box 721, Agincourt, ON, M1S 0A1, or by email to [proxy@canstockta.com](mailto:proxy@canstockta.com) or by fax at (416) 368-2502 (Toll Free: 1-866-781-3111 Canada & US only), not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the Meeting or any adjournment thereof. A proxy is valid only at the Meeting in respect of which it is given or any adjournment(s) of that Meeting.

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it prior to the commencement of the Meeting by either executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or by his authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by depositing the proxy bearing a later date with AST Trust Company at any time not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the Meeting or any adjournment at which the proxy is to be used, or by depositing the revocation of proxy with the chairman of the Meeting on the day of the Meeting, or any adjournment of the Meeting.

## **Voting of Proxies**

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation and have indicated their willingness to represent as proxy the Shareholder who appoints them. Each shareholder may instruct his proxy how to vote his Common Shares by completing the proxy form accompanying this Information Circular.

The person indicated in the accompanying proxy shall vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them.

**In the absence of a direction to vote or withhold the Common Shares in respect of which they are appointed, the management appointees named in the accompanying proxy will vote such Common Shares in favour of:**

- 1. fixing the number of directors of the Corporation to be elected at five (5).**
- 2. electing the directors of the Corporation identified in this Information Circular;**
- 3. appointing MNP LLP as auditors of the Corporation for the 2017 year and authorizing the directors to fix the auditor's remuneration;**
- 4. approving the Corporation's Stock Option Plan; and**

**all as more specifically described in this Information Circular.**

**The enclosed form of proxy confers discretionary authority upon the person indicated in the proxy with respect to amendments or variations to matters identified in the Notice and with respect to other matters, which may properly come before the Meeting.**

As at the date of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice and the Information Circular. If any matters which are not now known to the directors and senior officers of the Corporation should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

## Advice to Beneficial Shareholders

The information in this section is of significant importance to Shareholders since many Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to herein as "Beneficial Shareholders") are advised that only proxies from Shareholders of record can be recognized and voted upon at the Meeting. If Common Shares are listed in the account statement provided to the Shareholder by a broker, then in almost all cases those shares will not be registered in the Shareholder's name. Such shares are more likely held under the name of the broker or a broker's agent clearing house. Applicable corporate law provides that Beneficial Shareholders may request that the Beneficial Shareholder or the Beneficial Shareholder's nominee be appointed as the proxyholder for such shares. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing & Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against motions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers/nominees are prohibited from voting the Common Shares for their clients.

The Corporation does not know for whom the Common Shares registered to CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized by the Corporation at the Meeting. In order to ensure that their Common Shares are voted at the Meeting, Beneficial Shareholders should carefully follow the return instructions provided by their broker. Often, the form of proxy supplied to Beneficial Shareholders by their brokers is identical to that provided to registered Shareholders, however, its purpose is limited to instructing the brokers/registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of the brokers now delegate the job of obtaining instructions from clients and voting Common Shares according to their client's instructions to a corporation named Broadridge Financial Solutions Inc. ("Broadridge"). Broadridge typically applies a special sticker to the proxy forms produced by the Corporation, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return these proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and then votes the Common Shares to be voted at the Meeting according to the instructions received. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting as directed by Broadridge in order to have the Common Shares voted.**

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners or "NOBOs". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners of "OBOs".

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), the Corporation has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders.

The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

The Corporation will bear the costs for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the Instrument of Proxy provided to them and return the same to their broker (or the

broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

All references to Shareholders in this Information Circular, the accompanying form of proxy and Notice are to shareholders of record unless specifically stated otherwise.

## Voting Shares and Principal Shareholders

Only the holders of Common Shares of the Corporation are entitled to vote at the Meeting. As of the date of this Information Circular, 68,287,893 Common Shares without nominal or par value are issued and outstanding. Each Common Share entitles the holder to one vote on all matters to come before the Meeting. No group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares of the Corporation.

The directors of the Corporation have fixed August 14, 2017 as the record date (the "Record Date") for determination of the persons entitled to receive notice of the Meeting. A Shareholder of record as of the Record Date is entitled to vote his Common Shares except to the extent that the Shareholder has transferred the ownership of any of its Common Shares after the Record Date, and the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that it owns the Common Shares, and demands, not later than 10 days before the Meeting, that its name be included in the Shareholder list before the Meeting, in which case the transferee is entitled to vote his Common Shares at the Meeting.

To the knowledge of management of the Corporation, as of the date of this Information Circular, no person or company beneficially owned, directly or indirectly, or exercised control or direction over more than ten percent (10%) of the voting rights attached to all outstanding Common Shares of the Corporation other than those listed in the following table:

| <b>Name</b>                                     | <b>Number of Voting Shares Owned or Controlled Directly or Indirectly</b> | <b>Percentage of Outstanding Voting Shares</b> |
|---|---|--|
| Canada Zhoufa Agricultural Holding Company Ltd. | 11,342,875  | 17.1%  |



# Information Concerning the Corporation

## Statement of Executive Compensation

For the purposes of this section, "NEO" or "Named Executive Officers" means the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") and the three other most highly compensated executive officers of the Corporation and its subsidiaries, whose compensation, in the aggregate, exceeded \$150,000 for the most recently completed financial year.

### *Compensation Discussion and Analysis*

The objectives of the Corporation's compensation program are to attract, retain and motivate key employees, and to align their interests with the interests of Shareholders. The compensation program is designed to reward profit performance (through the Incentive Bonus Program) and increases in Shareholder value (through the Stock Option based compensation). The Base Salary component is largely market driven.

The significant elements of compensation awarded to, earned by, paid to or payable to NEO's for the most recently completed financial year are: Base Salary, Incentive Bonus Program payments, and Stock Option based compensation. The Corporate Governance Committee is comprised of some members of the Board of Directors and serves as the Corporation's Compensation Committee. The Corporate Governance Committee is comprised of Ian Macdonald, Robert Marshall and Terence Quinn, each of whom is independent. Each member is and has been a director of a number of private and public operating companies and has experience in evaluating executive compensation. The Compensation Committee is responsible for evaluating the Corporation's executive compensation and reporting to the Board of Directors of the Corporation.

The Corporation has no formal policy regarding the allocation between Base Salary, Incentive Bonus Program payments, Stock Option based compensation or other forms of compensation, but the Corporate Governance Committee will consider and evaluate the total compensation package, including Base Salary, Incentive Bonus Program payments and Stock Option based compensation received or to be received by a particular executive officer, and seek to ensure that such total compensation package is fair, reasonable and competitive. In arriving at its compensation decisions, the Corporate Governance Committee considers a number of factors, including the responsibilities and experience of the individuals, the performance of the individuals with the Corporation, the overall performance of the Corporation and the long-term interest of the Corporation. The Corporate Governance Committee discusses their collective knowledge and understanding of salaries paid to executive officers at companies that the members have personal knowledge of however, no formal benchmark group of companies has been referenced. The Corporate Governance Committee has not considered the implications of the risks associated with the Corporation's compensation policies and practices.

Directors and NEO's are not formally prohibited from purchasing financial instruments designed to offset a decrease in the value of the equity securities granted as compensation, however the Board has discussed the issue and strongly discourages the practice. To the knowledge of the Board, no director or NEO has purchased such financial instruments.

The Corporate Governance Committee recommends the CEO's compensation package to the independent directors for their approval. The independent directors have sole authority to determine the CEO's compensation. The Corporate Governance Committee makes these recommendations based on the Corporation's performance and relative Shareholder returns, and the awards given to the Corporation's past CEOs where relevant.

The Corporate Governance Committee also reviews the recommendations of the CEO concerning overall compensation and other conditions of employment of executive management, including the other NEO's, and, in the Committee's discretion, makes recommendations to the Board for their consideration. This includes review and recommendation with respect to any incentive compensation plans and equity-based plans such as Stock Option grants. When recommending the Stock Option grants, consideration is given to the exercise price and the aggregate number of Common Shares which would be subject to Stock Options held by the individual after the grant under consideration, the evaluation of the former, current and potential contribution of the individual to the success of the Corporation and the relative position of the individual.

The 2016 CEO incentive plan provided for bonus payments from 0% to 80% of Base Salary, based on a number of performance indicators, including Empire's financial and operating performance as well as the achievement of specific non-operational goals. \$nil was awarded by independent Board members for the CEO's 2016 performance, as shown in the Summary Compensation Table under Annual Incentive Plans.

The 2016 Executive incentive plan provides for bonus payments from 0% to 80% of Base Salary for other NEO's. The NEO plan is based on a number of performance indicators, including Empire's overall financial performance, specific financial performance in the NEO's area of responsibility, safety record, working capital management, and organic growth. The total awards for NEO's under this plan was \$62,500, as shown in the Summary Compensation Table under Annual Incentive Plans.

The Corporation does not disclose the specific performance targets of the incentive plan, because disclosing them would seriously prejudice the Corporation's interests.

## Summary Compensation Table

The following table sets forth the total compensation earned by the Named Executive Officers during fiscal years 2016, 2015 and 2014.

| Name and Principal Position  | Year Ending Dec 31 | Salary    | Share-Based Awards <sup>1</sup> | Option-Based Awards <sup>2</sup> | Non-Equity Incentive Plan Compensation |                           | Pension Value <sup>4</sup> | All Other Compensation <sup>5</sup> | Total Compensation |
|--|--------------------|-----------|---------------------------------|----------------------------------|--|---------------------------|----------------------------|-------------------------------------|--------------------|
|  |                    |           |                                 |                                  | Annual Incentive Plans <sup>3</sup>    | Long-Term Incentive Plans |                            |                                     |                    |
| Guy Nelson<br>Chief Executive Officer                                  | 2016               | \$325,000 | Nil                             | \$225,832                        | Nil                                    | Nil                       | Nil                        | \$10,756                            | \$561,588          |
|  | 2015               | \$318,000 | Nil                             | Nil                              | \$150,000                              | Nil                       | Nil                        | \$10,724                            | \$478,724          |
|  | 2014               | \$300,000 | Nil                             | Nil                              | \$138,000                              | Nil                       | Nil                        | \$10,707                            | \$448,707          |
| Michael Martin<br>Chief Financial Officer                              | 2016               | 193,250   | Nil                             | \$45,166                         | Nil                                    | Nil                       | Nil                        | \$21,162                            | \$259,578          |
|  | 2015               | \$188,400 | Nil                             | Nil                              | \$29,000                               | Nil                       | Nil                        | \$22,648                            | \$240,048          |
|  | 2014               | \$194,875 | Nil                             | Nil                              | \$10,250                               | Nil                       | Nil                        | \$10,430                            | \$215,555          |
| Peter White-Robinson <sup>6</sup><br>EVP – Media-based Attractions     | 2016               | \$263,033 | Nil                             | Nil                              | Nil                                    | Nil                       | Nil                        | \$26,282                            | \$289,315          |
|  | 2015               | \$256,667 | Nil                             | Nil                              | \$82,860                               | Nil                       | Nil                        | \$26,348                            | \$359,208          |
|  | 2014               | \$41,667  | Nil                             | \$208,488                        | \$35,000                               | Nil                       | Nil                        | \$54,097                            | \$339,252          |
| Paul Poirier<br>VP Strategic Accounts and Service, Dynamic Attractions | 2016               | \$318,750 | Nil                             | Nil                              | \$62,500                               | Nil                       | Nil                        | Nil                                 | \$381,250          |
|  | 2015               | N/A       | N/A                             | N/A                              | N/A                                    | N/A                       | N/A                        | N/A                                 | N/A                |
|  | 2014               | N/A       | N/A                             | N/A                              | N/A                                    | N/A                       | N/A                        | N/A                                 | N/A                |
| Ye Zhou<br>President – Dynamic Structures                              | 2016               | \$217,508 | Nil                             | \$56,861                         | Nil                                    | Nil                       | Nil                        | \$24,700                            | \$299,069          |
|  | 2015               | \$211,667 | Nil                             | Nil                              | \$56,975                               | Nil                       | Nil                        | \$27,787                            | \$296,762          |
|  | 2014               | \$203,333 | Nil                             | Nil                              | \$50,000                               | Nil                       | Nil                        | \$23,547                            | \$276,880          |

<sup>1</sup> The Corporation does not have a share-based awards plan.

<sup>2</sup> Option-based awards amounts do not represent cash received. They represent the theoretical value ascribed to options granted to the officers on the date of the grant. This value is determined using the Black-Scholes model, with various assumptions made at the time of grant relating to unit volatility and risk-free interest rates. All grants were made with exercise prices equal to or above the market price at the time of grant. As at December 31, 2016, none of the options granted were in-the-money.

<sup>3</sup> The amounts set forth in this column are the cash bonuses earned by the Named Executive Officers.

<sup>4</sup> The Corporation does not have a pension plan.

<sup>5</sup> All other compensation is composed primarily of vehicle allowances or leases, and RRSP matching plans. In the case of Peter White-Robinson, the 2014 figure also includes a \$50,000 signing bonus. In the case of Michael Martin, the 2016 figure also includes a mortgage interest benefit of \$11,500 (2015: \$11,699).

<sup>6</sup> Peter White-Robinson was an independent director from September 17, 2014, when he was first appointed to the Board, until November 1, 2014 when he became a member of the executive management team and therefore a non-independent director. While serving as an independent director, he received a one-time director fee payment of \$37,500 for serving as Risk Committee Chair. This amount has not been included in the table above, as it was not paid in his capacity as a member of executive management.

## Incentive Plan Awards

### OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets out the information in respect of all share-based awards and option-based awards outstanding at the end of the fiscal year ended December 31, 2016 to the Named Executive Officers.

| Option Based Awards  |  |                             |                        |  | Share Based Awards                                  |   |   |
|----------------------|--|-----------------------------|------------------------|--|---|---|---|
| Name                 | Number of Securities Underlying Unexercised Options<br># | Option Exercise Price<br>\$ | Option Expiration Date | Value of Unexercised In-the-Money Options <sup>1</sup><br>\$ | Number of Shares or Units that have not Vested<br># | Market or Payout Value of Share-Based Awards that have not Vested<br>\$ | Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed<br>\$ |
| Guy Nelson           | 500,000  | 0.36                        | 10-Dec-18              | Nil  | Nil   | Nil   | Nil   |
|                      | 700,000  | 0.40                        | 26-Sep-21              | Nil  | 133,333   | Nil   | Nil   |
| Michael Martin       | 150,000  | 0.36                        | 10-Dec-18              | Nil  | Nil   | Nil   | Nil   |
|                      | 140,000  | 0.40                        | 26-Sep-21              | Nil  | 26,667  | Nil   | Nil   |
| Peter White-Robinson | 625,000  | 0.40                        | 16-Oct-19              | Nil  | Nil   | Nil   | Nil   |
| Paul Poirier         | Nil  | N/A                         | N/A                    | N/A  | N/A   | N/A   | N/A   |
| Ye Zhou              | 163,750  | 0.36                        | 10-Dec-18              | Nil  | Nil   | Nil   | Nil   |
|                      | 176,250  | 0.40                        | 26-Sep-21              | Nil  | 26,667  | Nil   | Nil   |

All option counts and exercise prices have been adjusted to reflect the 1 for 4 stock consolidation that took place on June 27, 2016

<sup>1</sup> The closing market price on December 31, 2016 on the TSX Venture Exchange was \$0.335

#### VALUE VESTED OR EARNED DURING THE YEAR

| Name                 | Option-Based Awards – Value Vested During the Year <sup>1</sup><br>\$ | Share-Based Awards – Value Vested During the Year <sup>2</sup><br>\$ | Non-Equity Incentive Plan Compensation Plan – Value Earned During the Year<br>\$ |
|----------------------|---|--|--|
| Guy Nelson           | Nil   | Nil  | Nil  |
| Michael Martin       | Nil   | Nil  | Nil  |
| Peter White-Robinson | Nil   | Nil  | Nil  |
| Paul Poirier         | N/A   | N/A  | \$62,500   |
| Ye Zhou              | Nil   | Nil  | Nil  |

<sup>1</sup> Outlines the net benefit the Named Executive Officer would have received had the Named Executive Officer exercised on the date of vesting.

<sup>2</sup> The Corporation does not have a share-based awards plan.

### ***Defined Benefit or Actuarial Plan Disclosure***

The Corporation does not have a defined benefit or actuarial plan.

### ***Termination and Change of Control Benefits***

Except as disclosed herein, Empire does not have any compensatory plan or arrangement in respect of compensation received or that may be received by the Named Executive Officers in Empire's most recently completed or current financial year to compensate such executive officer in the event of the termination of employment or in the event of a change in control.

Guy Nelson has an employment contract which, if terminated without cause by Empire, provides for a termination payment equal to two (2) years of current salary, plus two times the average annual bonus in the preceding two (2) years. If there is a "change of control", as defined by the TSXV policies, Mr. Nelson has a ninety (90) day option to treat the change of control as a termination without cause by Empire. If these provisions had been triggered on the last business day of the most recently completed financial year, it would have resulted in a payment of approximately \$800,000

Mike Martin has an employment contract which, if terminated without cause by Empire, provides for a termination payment equal to one (1) year of current salary, plus the average annual bonus in the preceding two (2) years. If there is a "change of control", as defined by TSXV policies, Mr. Martin has a ninety (90) day option to treat the change of control as a termination without cause by Empire. If these provisions had been triggered on the last business day of the most recently completed financial year, it would have resulted in a payment of approximately \$208,000.

Peter White-Robinson has an employment contract which, if terminated without cause by Empire, provides for a termination payment equal to three (3) months of current salary plus the average annual bonus in the preceding two (2) years. If these provisions had been triggered on the last business day of the most recently completed financial year, it would have resulted in a payment of approximately \$107,000.

Paul Poirier has an employment contract in 2017 which, if terminated without cause by Empire, provides for a termination payment equal to eighteen (18) months of current salary, plus accrued bonuses plus the average annual bonus in the preceding two (2) years. If there is a "change of control", as defined by the TSXV policies, Mr. Poirier has a ninety (90) day option to treat the change of control as a termination without cause by Empire. Mr. Poirier did not have these termination provisions in 2016. However, if these provisions had been triggered on the last business day of the most recently completed financial year, it would have resulted in a payment of approximately \$540,000.

Ye Zhou has an employment contract which, if terminated without cause by Empire, provides for a termination payment equal to one (1) year of current salary. If these provisions had been triggered on the last business day of the most recently completed financial year, it would have resulted in a payment of approximately \$218,000.

### **Compensation to Directors**

The following table sets out all amounts of compensation provided to the directors of the Corporation for the fiscal year ended December 31, 2016.

| <b>Name <sup>1</sup></b> | <b>Fees Earned<br/>\$</b> | <b>Share-<br/>Based<br/>Awards<br/>\$<sup>2</sup></b> | <b>Option-<br/>Based<br/>Awards<br/>\$<sup>3</sup></b> | <b>Non-Equity<br/>Incentive Plan<br/>Compensation<br/>\$</b> | <b>Pension<br/>Value<br/>\$<sup>4</sup></b> | <b>All Other<br/>Compensation<br/>\$</b> | <b>Total<br/>\$</b> |
|--------------------------|---------------------------|---|--|--|---|--|---------------------|
| Ian Macdonald            | \$73,500                  | Nil   | \$61,157   | Nil  | Nil   | Nil                                      | \$134,657           |
| Terence Quinn            | \$185,500                 | Nil   | \$41,134   | Nil  | Nil   | Nil                                      | \$226,634           |
| Robert Marshall          | \$105,000                 | Nil   | \$28,229   | Nil  | Nil   | Nil                                      | \$133,220           |
| Jane Lin                 | \$41,500                  | Nil   | Nil  | Nil  | Nil   | Nil                                      | \$41,500            |
| Jack Chang               | \$44,500                  | Nil   | Nil  | Nil  | Nil   | Nil                                      | \$44,500            |

<sup>1</sup> Guy Nelson and Peter White-Robinson are directors who are member of management and does not receive compensation for providing services as a director.

<sup>2</sup> The Corporation does not have a share-based awards plan.

<sup>3</sup> Option-based awards amounts do not represent cash received. They represent the theoretical value ascribed to options granted to the officers on the date of the grant. This value is determined using the Black-Scholes model, with various assumptions made at the time of grant relating to unit volatility and risk-free interest rates. All grants were made with exercise prices equal to the market price at the time of grant. As at December 31, 2016, none of the options granted were in-the-money.

<sup>4</sup> The Corporation does not have a pension plan.

Non-management directors of the Corporation receive the following compensation:

| <b>EIL Non-management director compensation</b>                              | <b>Annual Retainer</b> | <b>Meeting Fees</b> |
|--|------------------------|---------------------|
| Non-management director retainer   | \$10,000               |                     |
| Non-executive chairman retainer  | \$5,000                |                     |
| Audit Committee Chairman retainer  | \$15,000               |                     |
| Governance Committee Chair retainer  | \$5,000                |                     |
| HSEC Committee Chair retainer  | \$5,000                |                     |
| Committee member retainer (non-chair)  | \$2,500                |                     |
| ACE Board Directorship retainer  | \$60,000               |                     |
| China JV Board Directorship retainer   | \$24,000               |                     |
| Executive Committee retainer   | \$15,000               |                     |
| EIL Board Meeting held in North America, attended in person                  |                        | \$1,000             |
| EIL Board Meeting held outside North America, attended in person             |                        | \$5,000             |
| EIL Board Meeting, attended by conference call                               |                        | \$300               |
| EIL Committee Meeting, attended in person                                    |                        | \$500               |
| EIL Committee Meeting, attended by conference call                           |                        | \$300               |
| EIL Ad Hoc Services, attended in person                                      |                        | \$2,000             |
| Trips outside of North America (non-Board Meeting) at the request of the CEO |                        | \$1,200/day         |

*Expenses: reasonable business expenses actually incurred in the conduct of director duties will be reimbursed upon presentation of receipts.*

The Corporation has a formalized Stock Option Plan for the granting of incentive stock options to the directors, officers, key employees and consultants. The purpose of granting options pursuant to the Stock Option Plan is to assist the Corporation in compensating, attracting, retaining and motivating the directors, officers, key employees and consultants of the Corporation and to closely align the personal interests of such persons to that of the shareholders. Details regarding the Corporation's current Stock Option Plan are set out below under the heading "Particulars of Matters to be Acted Upon – Stock Option Plan".

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets out the information in respect of all share-based awards and option-based awards outstanding at the end of the fiscal year ended December 31, 2016 to the independent directors.

| Name            | Option-Based Awards                                 |                       |                                     |  | Share-Based Awards <sup>2</sup>                |   |   |
|-----------------|---|-----------------------|-------------------------------------|--|--|---|---|
|                 | Number of Securities Underlying Unexercised Options | Option Exercise Price | Option Expiration Date              | Value of Unexercised In-the-Money Options <sup>1</sup> | Number of Shares or Units that have not Vested | Market or Payout Value of Share-Based Awards that have not Vested | Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed |
|                 | #   | \$                    |                                     | \$   | #  | \$  | \$  |
| Ian Macdonald   | 187,500<br>75,000<br>137,500                        | 0.40<br>0.36<br>0.40  | 26-Sep-21<br>10-Dec-18<br>31-Aug-17 | Nil  | Nil  | Nil   | Nil   |
| Terence Quinn   | 127,500<br>150,000<br>62,500                        | 0.40<br>0.36<br>0.40  | 26-Sep-21<br>10-Dec-18<br>31-Aug-17 | Nil  | 33,334   | Nil   | Nil   |
| Robert Marshall | 87,500<br>75,000<br>87,500                          | 0.40<br>0.36<br>0.40  | 26-Sep-21<br>10-Dec-18<br>31-Aug-17 | Nil  | Nil  | Nil   | Nil   |
| Jane Lin        | 75,000  | 0.36                  | 10-Dec-18                           | Nil  | Nil  | Nil   | Nil   |
| Jack Chang      | 75,000  | 0.36                  | 10-Dec-18                           | Nil  | Nil  | Nil   | Nil   |

All option counts and exercise prices have been adjusted to reflect the 1 for 4 stock consolidation that took place on June 27, 2016

<sup>1</sup> The closing market price on December 31, 2016 on the TSX Venture Exchange was \$0.335.

<sup>2</sup> The Corporation does not have a share-based awards plan.



## VALUE VESTED OR EARNED DURING THE YEAR

| Name            | Option-Based Awards – Value Vested During the Year (\$) <sup>1</sup> | Share-Based Awards – Value Vested During the Year (\$) <sup>2</sup> | Non-Equity Incentive Plan Compensation Plan – Value Earned During the Year (\$) |
|-----------------|--|---|---|
| Ian Macdonald   | Nil  | Nil   | Nil   |
| Terence Quinn   | Nil  | Nil   | Nil   |
| Robert Marshall | Nil  | Nil   | Nil   |
| Jane Lin        | Nil  | Nil   | Nil   |
| Jack Chang      | Nil  | Nil   | Nil   |

<sup>1</sup> Outlines the net benefit the Director would have received had the Director exercised on the date of vesting.

<sup>2</sup> The Corporation does not have a share-based awards plan.

## Equity Compensation Plans

The following table sets forth details with respect to compensation plans under which equity securities of the Corporation are authorized for issuance as of year ended December 31, 2016.

| Plan Category   | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weight-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|---|---|---|---|
|   | (a)   | (b)   | (c)   |
| Equity compensation plans approved by securityholders     | 6,067,500   | \$0.40  | 526,206 <sup>1</sup>  |
| Equity compensation plans not approved by securityholders | Nil   | Nil   | Nil   |
| Total   | 6,067,500   | \$0.40  | 526,206   |

**All option counts and exercise prices have been adjusted to reflect the 1 for 4 stock consolidation that took place on June 27, 2016**

<sup>1</sup> Common Shares reserved for issuance under the Corporation's "rolling" stock option plan, which automatically increases the number of Common Shares available for issuance to 10% of the Corporation's issued and outstanding Common Shares.

Details regarding the Corporation's current Stock Option Plan, and a proposed amendment to such plan are set out under the heading "Particulars of Matters to be Acted Upon – Stock Option Plan," below.

## Indebtedness of Directors, Executive Officers and Senior Officers

There is no indebtedness, now nor at any time since the beginning of the most recently completed financial year of the Corporation, of any director, executive officer, senior officer, proposed nominee for election as a director or associate of any of them to or guaranteed or supported by the Corporation or any of its subsidiaries either pursuant to an employee stock purchase program of the Corporation or otherwise.

## **Interest of Informed Persons in Material Transactions**

No directors, director nominees, officers and principal shareholders of the Corporation or any associate or affiliate of the foregoing have had, or will have, a direct or indirect interest in any material transaction involving the Corporation since the commencement of the Corporation's last financial year or in any proposed material transaction.

## **Management Contracts**

The management functions of the Corporation are substantially performed by directors and senior officers of the Corporation, and not performed to any substantial degree by any other person with whom the Corporation has contracted.

## **Interest of Certain Persons in Matters To Be Acted Upon**

Except as set out herein, no director or senior officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the meeting.

## **Audit Committee**

### ***Audit Committee Charter***

The Audit Committee Charter is attached to this Information Circular as Schedule B.

### ***Composition of the Audit Committee***

The Audit Committee consists of Ian Macdonald, Guy Nelson and Terrence Quinn. Each member of the Audit Committee is financially literate. Ian Macdonald and Terence Quinn are both independent. Guy Nelson is not independent, as he is currently the Executive Chairman and Chief Executive Officer of the Corporation.

### ***Relevant Education and Experience***

Ian Macdonald is a Chartered Accountant. He holds an MBA from Queen's University. He has been Managing Director of Tricapital Management Limited since 1986. Tricapital is a merchant bank that raises capital for mid-sized private and public companies. Since 2003, he has been Chairman of Quadrant Cosmetics Corporation, Canada's largest independent distributor of prestige fragrances and cosmetics. He has also served as VP Finance and Treasurer of Bacardi International Limited, and as a member of the Strategic Planning Advice Unit of Currie Coopers & Lybrand, Management Consultants.

Guy Nelson is the Executive Chairman, Chief Executive Officer and President of the Corporation. He was Chairman of Empire Iron since 1997. Director and non-executive Chairman of Tornado Global Hydrovacs Ltd. (TSXV:TGH) since its inception in 2016. Chairman of Better Work Place Inc. from Sept. 2001 to present. Guy holds an MBA from the Ivey Business School and a B.Comm from University of Alberta.

Terence Quinn is Principal of Quinn Consulting, a mergers and acquisitions consulting practice focusing on industrial services and construction businesses in the western Canada oil and gas basin. Previously, he has been General Manager of Delta Catalytic Corporation, President of Tru-Way Group, General Manager and Partner of National Construction Corporation. He sits on the board of directors of a private industrial company and a private not-for-profit organization.

The work experience of each of the members of the Audit Committee has provided the member with sufficient familiarity with regulatory reporting requirements and responsibilities of audit committees in order to perform the responsibilities of the member on the Audit Committee. Each member has the ability to read and understand 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 Corporation's financial statements.

#### ***Audit Committee Oversight***

At no time since the commencement of the Corporation's most recently completed financial year were any Committee's recommendations to nominate or compensate an external auditor not adopted by the Board.

#### ***Reliance on Certain Exemptions***

At no time since the commencement of the Corporation's most recently completed financial year has it relied on any exemption under Section 2.4 (De Minimus Non-Audit Services) or Part 8 (Exemptions) of Multilateral Instrument 52-110.

#### ***Pre-Approval Policies and Procedures***

The Board has approved a policy with respect to the engagement of non-audit services. This policy prohibits the Corporation from hiring external auditors to provide certain non-auditing services, such as bookkeeping and related functions, financial information systems design and implementation, appraisal/valuation/fairness opinions or contribution in kind reports, actuarial services, internal audit outsourcing, management functions, human resource functions, legal services, and expert services. In certain cases, the policy allows the Corporation to retain the services of external auditors for the purpose of rendering non-audit services, provided that such services are not prohibited and that they have received the prior approval of the Audit Committee.

A copy of the policy regarding the range of services offered by external auditors can be obtained free of charge, upon request, from the Corporation's Corporate Secretary at 717 Jarvis Avenue, Winnipeg, MB, R2W 3B4.

### **External Auditor Service Fees**

The fees paid by the Corporation to its auditor in each of the last two fiscal years are:

|                                 | <b>Fiscal Year 2016</b> | <b>Fiscal Year 2015</b> |
|---------------------------------|-------------------------|-------------------------|
| Audit Fees <sup>1</sup>         | \$150,000               | \$185,100               |
| Audit Related Fees <sup>2</sup> | \$56,848                | Nil                     |
| Tax Fees <sup>3</sup>           | \$18,500                | \$17,850                |
| All Other Fees <sup>(4)</sup>   | \$118,026               | \$86,330                |
| <b>Total</b>                    | <b>\$343,374</b>        | <b>\$289,280</b>        |

<sup>1</sup> Audit Fees consist of fees for the audit of the Corporation's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

<sup>2</sup> Audit Related Fees consist of fees for insurance and related services that are reasonably related to the performance of the audit or the review of the Corporation's financial statements and are not reported as Audit Fees.

<sup>3</sup> Tax Fees consist of fees paid to the auditors for preparation of the Corporation's T-2 corporate income tax return and General Index of Financial Information required by Canada Revenue Agency.

<sup>4</sup> All Other Fees consist of the fees billed for products and services provided other than the services and fees reported in the other categories presented in the table above.

### **Venture Issuer Exemption**

The Corporation, as a "Venture Issuer", is relying upon section 6.1 of Multilateral Instrument 52-110 exempting it from certain requirements relating to the composition of the audit committee requirements and reporting obligations.

### **Corporate Governance**

Corporate governance relates to the activities of the board of directors (the "Board"), the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101"), the Corporation provides disclosure of its corporate governance practices as set out in the attached Schedule A.

# Business of the Meeting

## 1. Financial Statements

Shareholders will be presented with the annual financial statements of the Corporation for the fiscal year ended December 31, 2016 and the auditors' report thereon; however, no action is required to be taken by Shareholders thereon.

## 2. Fix Number of Directors to Be Elected At the Meeting


The Board has resolved that the number of directors to be elected at this Meeting for the ensuing year be set at five (5). Accordingly, it is proposed that Shareholders of the Corporation consider and, if deemed advisable, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).

At the Meeting, it will be proposed that five (5) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. Unless otherwise directed, it is the intention of the individuals named in the form of proxy to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).


## 3. Election of Directors

At the Meeting it is proposed that five (5) directors be elected to serve until the next annual general meeting or until their successors are elected or appointed in accordance with the *Business Corporations Act* (Alberta) and the bylaws of the Corporation. There are presently seven (7) directors of the Corporation. Two of these directors, Peter White-Robinson and Jane Lin, are not standing for re-election at the Meeting.


The following page indicates the names of the five (5) nominees for directors, the date each such person first became a director (if applicable), the principal occupation of each such person and the number of Common Shares of the Corporation beneficially owned or controlled (directly or indirectly) by each such person as of the date of this Information Circular. The information contained in this table as to the number of Common Shares beneficially owned or controlled, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees. Proposed members of the Audit Committee, Corporate Governance Committee and Health, Safety, Environment, Community Committee are also indicated.

|   |   |  |                                   |  |
|---|---|--|-----------------------------------|--|
|  <p><b>Ian Macdonald</b><br/>Toronto, Ontario Canada<br/>Director Since: Jun 16, 2010<br/>(7 years)<br/><i>Independent</i></p> | <p>Non-executive Chairman of Empire Industries Ltd. Managing Director of Tricapital Management Limited/Tricapital Solutions Inc. since 1986. Tricapital is a merchant bank that advises mid-sized private and public companies and co-invests with management in transactions it advises on. Ian is Chairman of Quadrant Cosmetics Corporation, Canada's largest independent distributor of prestige fragrances and cosmetics, and Chairman of MI Petro(Central) Inc., Ontario's largest maintenance and repair service provider of retail gas station fuel dispensing equipment. Ian is a Chartered Accountant and holds an MBA from Queen's University.</p> |  |                                   |  |
|   | <p><b>Board/Committee Membership</b></p>  |  | <p><b>Attendance</b></p>          |  |
| Board (Non-Executive Chairman)  |   | 6 of 6   | 100%                              |  |
| Audit (Chair)   |   | 4 of 4   | 100%                              |  |
| Corporate Governance  |   | 2 of 2   | 100%                              |  |
| Combined Total  |   | 12 of 12   | 100%                              |  |
| <b>Securities beneficially owned or controlled</b>  |   |  |                                   |  |
| <p><u>Common Shares</u></p> <p>3,457,000</p>  |   | <p><u>Options</u></p> <p>400,000</p>               | <p><u>Warrants</u></p> <p>Nil</p> | <p><u>Convertible Debentures</u></p> <p>Nil</p>        |
| <b>Voting Results of 2016 annual general meeting:</b>   |   |  |                                   |  |
| <p><u>Votes for</u></p> <p>7,648,812 (99.26%)</p>   |   | <p><u>Votes withheld</u></p> <p>56,559 (0.74%)</p> |                                   | <p><u>Total votes cast</u></p> <p>7,705,371 (100%)</p> |


All security counts have been adjusted to reflect the 1 for 4 stock consolidation that took place on June 27, 2016

|   |   |  |                                       |  |
|---|---|--|---------------------------------------|--|
|  <p><b>Guy Nelson</b><br/>Toronto, Ontario Canada<br/>Director Since: Jun 15, 2006<br/>(11 years)<br/><i>Non-Independent</i></p> | <p>Chief Executive Officer and President of Empire Industries Ltd. (TSXV:EIL) since its inception in 2006, and Executive Chairman since 2014. He was Chairman of its predecessor, Empire Iron Works Ltd., since 1997. Director and non-executive Chairman of Tornado Global Hydrovacs Ltd. (TSXV:TGH) since its inception in 2016. Chairman of Better Work Place Inc. from Sept. 2001 to present. Guy holds an MBA from the Ivey Business School and a B.Comm from University of Alberta.</p> |  |                                       |  |
|   | <p><b>Board/Committee Membership</b></p>  |  | <p><b>Attendance</b></p>              |  |
| Board (Executive Chairman)  |   | 6 of 6   | 100%                                  |  |
| Audit   |   | 4 of 4   | 100%                                  |  |
| Combined Total  |   | 10 of 10   | 100%                                  |  |
| <b>Securities beneficially owned or controlled</b>  |   |  |                                       |  |
| <p><u>Common Shares</u></p> <p>5,183,824</p>  |   | <p><u>Options</u></p> <p>1,200,000</p>             | <p><u>Warrants</u></p> <p>625,000</p> | <p><u>Convertible Debentures</u></p> <p>Nil</p>        |
| <b>Voting Results of 2016 annual general meeting:</b>   |   |  |                                       |  |
| <p><u>Votes for</u></p> <p>7,607,562 (98.71%)</p>   |   | <p><u>Votes withheld</u></p> <p>97,809 (1.29%)</p> |                                       | <p><u>Total votes cast</u></p> <p>7,705,371 (100%)</p> |


All security counts have been adjusted to reflect the 1 for 4 stock consolidation that took place on June 27, 2016

|  |   |                         |                               |
|--|---|-------------------------|-------------------------------|
|  <p><b>Robert Marshall</b><br/>Toronto, Ontario Canada<br/>Director Since: Nov 30, 2007<br/>(10 years)<br/><i>Independent</i></p> | <p>Sr. Project Director – Pipelines for WorleyParsons. Robert is a professional engineer (BSc. CE; M.Eng.) with over 30 years of experience in the Oil and Gas EPCM industry working on major domestic and international pipeline and civil projects. He has a proven track record of successful project completions and effective resource management through the use of sound technical, financial and business acumen combined with strong leadership, training, delegation and motivational skills in a variety of cultural environments.</p> |                         |                               |
|  | <p><b>Board/Committee Membership</b></p>  |                         | <p><b>Attendance</b></p>      |
| Board  |   | 5 of 6                  | 83%                           |
| Corporate Governance (Chair)   |   | 2 of 2                  | 100%                          |
| Health, Safety, Environment, Community   |   | 2 of 2                  | 100%                          |
| Combined Total   |   | 9 of 10                 | 100%                          |
| <b>Securities beneficially owned or controlled</b>   |   |                         |                               |
| <u>Common Shares</u>   | <u>Options</u>  | <u>Warrants</u>         | <u>Convertible Debentures</u> |
| 1,707,602  | 162,500   | Nil                     | Nil                           |
| <b>Voting Results of 2016 annual general meeting:</b>  |   |                         |                               |
| <u>Votes for</u>   | <u>Votes withheld</u>   | <u>Total votes cast</u> |                               |
| 7,655,062 (99.34%)   | 50,309 (0.66%)  | 7,705,371 (100%)        |                               |

All security counts have been adjusted to reflect the 1 for 4 stock consolidation that took place on June 27, 2016

|  |   |                         |                               |
|--|---|-------------------------|-------------------------------|
|  <p><b>Terence (Terry) Quinn</b><br/>Oakville, Ontario Canada<br/>Director Since: Jun 16, 2010<br/>(7 years)<br/><i>Independent</i></p> | <p>Principal of Quinn Consulting, a mergers and acquisitions consulting practice focusing on industrial services and construction businesses in the western Canada oil and gas basin. Previously he has been General Manager of Delta Catalytic Corporation, President of Tru-Way Group, General Manager and Partner of National Construction Corporation. He sits on the board of directors of a private industrial company and a private not-for-profit organization.</p> |                         |                               |
|  | <p><b>Board/Committee Membership</b></p>  |                         | <p><b>Attendance</b></p>      |
| Board  |   | 6 of 6                  | 100%                          |
| Audit  |   | 4 of 4                  | 100%                          |
| Corporate Governance   |   | 2 of 2                  | 100%                          |
| Health, Safety, Environment, Community (Chair)   |   | 2 of 2                  | 100%                          |
| Combined Total   |   | 14 of 14                | 100%                          |
| <b>Securities beneficially owned or controlled</b>   |   |                         |                               |
| <u>Common Shares</u>   | <u>Options</u>  | <u>Warrants</u>         | <u>Convertible Debentures</u> |
| 935,873  | 340,000   | Nil                     | Nil                           |
| <b>Voting Results of 2016 annual general meeting:</b>  |   |                         |                               |
| <u>Votes for</u>   | <u>Votes withheld</u>   | <u>Total votes cast</u> |                               |
| 7,648,812 (99.26%)   | 56,559 (0.74%)  | 7,705,371 (100%)        |                               |

All security counts have been adjusted to reflect the 1 for 4 stock consolidation that took place on June 27, 2016

|  |   |  |                   |   |  |
|--|---|--|-------------------|---|--|
| <br><b>Li-Ting (Jack) Chang</b><br>Vancouver BC Canada<br>Director Since: Jul 10, 2013<br>(4 years)<br><i>Independent</i> | Partner of Fort Capital Partners, a Canadian investment banking specialized in M&A and transaction advisory. Formerly founded Canadian Resources Capital, a private investment banking firm (Exempt Market Dealer) that is active in cross border businesses. Previously, he has been a portfolio manager with UBS Bank (Canada) and commercial banking at CIBC. Mr. Chang is a Chartered Financial Analyst and a Financial Risk Manager. |  |                   |   |  |
|  | <b>Board/Committee Membership</b>   |  | <b>Attendance</b> |   |  |
| Board  |   | 4 of 6                                   |                   | 67%   |  |
| Combined Total   |   | 4 of 6                                   |                   | 67%   |  |
| <b>Securities beneficially owned or controlled</b>   |   |  |                   |   |  |
| <u>Common Shares</u><br>Nil  |   | <u>Options</u><br>75,000                 |                   | <u>Warrants</u><br>Nil                      |  |
| <u>Convertible Debentures</u><br>Nil   |   |  |                   |   |  |
| <b>Voting Results of 2016 annual general meeting:</b>  |   |  |                   |   |  |
| <u>Votes for</u><br>7,565,515 (98.15%)   |   | <u>Votes withheld</u><br>139,856 (1.85%) |                   | <u>Total votes cast</u><br>7,705,371 (100%) |  |

All security counts have been adjusted to reflect the 1 for 4 stock consolidation that took place on June 27, 2016

### **Cease Trade Orders**

To the knowledge of management of the Corporation, no proposed director of the Corporation is, or within the ten years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any other issuer that:

- a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation that lasted for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that lasted for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer.

### **Bankruptcies and Insolvencies**

To the knowledge of management of the Corporation, no proposed director of the Corporation:

- a) is, at the date of this Information Circular or has been within the ten years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or



- b) has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

### ***Penalties and Sanctions***

To the knowledge of management of the Corporation, no proposed director of the Corporation has:

- a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or
- b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **4. Appointment of Auditors**

The Shareholders of the Corporation will be asked to vote for the re-appointment of MNP LLP as auditors of the Corporation. Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing MNP LLP as auditor of the Corporation for the next ensuing year, to hold office until the close of the next annual general meeting of shareholders or until the firm of MNP LLP is removed from office or resigns as provided by law or by the Corporation's Bylaws, and to authorize the directors to fix the remuneration of MNP LLP as auditor. MNP LLP have been the auditors of the Corporation since June 7, 2011.

## **5. Stock Option Plan**

The Corporation has a Stock Option Plan (the "Plan") previously approved by the Shareholders of the Corporation on September 12, 2016. A copy of the Plan is attached as Schedule B to the Corporation's Management Information Circular dated July 11, 2013 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on July 22, 2013. The Plan is incorporated herein by reference.

Options granted pursuant to the Plan will not exceed a term of ten years and are granted at an option price and on other terms which the directors determine is necessary to achieve the goal of the Plan and in accordance with regulatory policies. The option price shall not be less than the market price of the stock.

The number of Common Shares allocated to the Plan will be determined by the Board from time to time. The aggregate number of shares reserved for issuance under the Plan may not exceed 10 percent of the issued and outstanding shares. In addition, the aggregate number of shares so reserved for issuance in any 12 month period to any one person shall not exceed 2 percent, of the issued and outstanding Common Shares.

The Common Shares, when fully paid for by a participant, are not included in the calculation of Common Shares allocated to or within the Plan. Should a participant cease to be eligible due to the loss of corporate office (being that of an officer or director) or employment, the option shall cease for varying periods not exceeding 90 days. Loss of eligibility for consultants is regulated by specific rules imposed by the directors when the option is granted to the appropriate consultant. The Plan also provides that estates of deceased participants can exercise their options for a period not exceeding one year following death.

The Board may from time to time make rules, regulations and amendments to the Plan. Should any rule, regulation or amendment materially differ from the provisions set out in this Information Circular, the Corporation shall obtain the necessary regulatory or shareholder approvals.

However, any amendment of the Plan which would:

- a) materially increase the benefits of the Plan;
- b) materially increase the maximum number of Common Shares issuable under the Plan,
- c) materially modify the requirements as to eligibility for participation in the Plan;
- d) add any form of financial assistance and, if applicable, any amendment to any existing financial assistance provision which is more favourable to participants;
- e) add a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve; or
- f) otherwise require approval by Shareholders (or disinterested Shareholders as the case may be) in accordance with the requirements of any regulatory body having jurisdiction over the common shares of the Corporation,

and would be effective only upon the approval of the Shareholders (or disinterested Shareholders as the case may be) of the Corporation. Further, any amendment to any provision of the Plan would also remain subject to approval by any regulatory body having jurisdiction over the securities of the Corporation.

Should the expiration date for an Option fall within a blackout period or within nine business days following the expiration of a blackout period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the blackout period, such tenth business day to be considered the expiration of the term of such option for all purposes under the Plan.

Policy 4.4 of the TSXV requires that rolling stock option plans must receive shareholder approval yearly. To be effective, the approval of the Plan must be given by ordinary resolution of the Shareholders. At the Meeting, Shareholders will be asked to consider and approve the following ordinary resolution:

"IT IS RESOLVED as an ordinary resolution of the holders of common shares ("Common Shares") of Empire Industries Ltd. (the "Corporation") that:

1. Subject to regulatory approval, the Stock Option Plan in the form set out in Schedule "B" to the Management Information Circular of the Corporation dated July 11, 2013 (the "Plan") be adopted and the same is approved;
2. Any one director or officer of the Corporation is authorized to amend the Plan should such amendments be required by applicable regulatory authorities including, but not limited to, the stock exchange on which the Common Shares are listed;
3. Any one director or officer of the Corporation is hereby authorized and directed to do all things, carry out all actions, execute all instruments and documents as in his opinion may be necessary or desirable to carry out the foregoing, including without limitation, any reasonable amendments, changes or alterations to the foregoing, as such officer or director deems reasonable in the circumstances; and
4. The board of directors of the Corporation be, and it is hereby, authorized to cause all measures to be taken, such further agreements to be entered into and such further documents to be executed as may be deemed necessary or advisable to give effect to and fully carry out the intent of this resolution."

Unless otherwise directed, the persons named in the enclosed instrument of proxy intend to vote in favour of the above resolution. In order to be approved, this ordinary resolution must be passed by a simple majority of the votes cast in person or by proxy at the Meeting in respect of such resolution.

## 6. Other Business

The management of the Corporation is not aware of any matters to come before the Meeting other than those set out in the Notice of Meeting. If other matters come before the Meeting it is the intention of the individuals named in the form of proxy to vote the same in accordance with their best judgment in such matters.

## Additional Information

Financial information relating to the Corporation is provided in the Corporation's comparative audited financial statements and management's discussion and analysis of financial and operating results as at and for the year ended December 31, 2016. Copies of this Information Circular, the Corporation's audited financial statements, management's discussion and analysis and the auditor's report for the Corporation's most recently completed financial year, any interim financial statements of the Corporation subsequent to those statements, as filed with the applicable Canadian regulatory authorities, are available on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained without charge by contacting the Corporate Secretary at Empire Industries Ltd., 717 Jarvis Avenue Winnipeg, MB R2W 3B4. Additional information relating to the Corporation may also be found on SEDAR at [www.sedar.com](http://www.sedar.com).

The contents and sending of the Information Circular have been approved by the directors of the Corporation.

# Schedule A

## Form 58-101F1

### Corporate Governance Disclosure

|           | National Instrument 58-101<br>Disclosure of Corporate Governance Practices   | Comments  |
|-----------|--|---|
| <b>1.</b> | <b>Board of Directors</b>  |   |
| (a)       | Disclose the identity of directors who are independent.  | Robert Marshall, Ian Macdonald, Terence Quinn and Li-Ting (Jack) Chang are independent.   |
| (b)       | Disclose the identity of directors who are not independent, and describe the basis for that determination.   | <p>Guy Nelson – is Chief Executive Officer of the Corporation.</p> <p>Jane Lin – is married to a senior officer of a subsidiary of the Corporation (not standing for re-election in this Meeting.)</p> <p>Peter White-Robinson is Chief Operating Officer of the Corporation's Dynamic Structures business unit (not standing for re-election in this Meeting.)</p> |
| (c)       | Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the "Board") does to facilitate its exercise of independent judgment in carrying out its responsibilities.  | A majority of the Board is independent.   |
| (d)       | If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction in Canada or a foreign jurisdiction, identify both the director and the other issuer.   | Guy Nelson is a director and non-executive Chairman of Tornado Global Hydrovacs Ltd, a reporting issuer trading on the TSX Venture Exchange (TSXV: TGH)   |
| (e)       | Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors. | The Board ensures that there is an opportunity for in camera sessions with only the independent directors present to take place at each in-person Board meeting.  |

|           |   |   |
|-----------|---|---|
| (f)       | <p>Disclose whether or not the chair of the Board is an independent director.</p> <p>If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director who is independent, describe what the Board does to provide leadership for its independent directors.</p> | <p>Guy Nelson serves as the Executive Chairman of the Board. He is not independent. He also serves as Chief Executive Officer.</p> <p>Ian Macdonald serves as the Non-executive Chairman of the Board, who is independent. The Non-executive Chairman role includes the function of a lead director. He provides leadership to the directors, particularly the independent directors, to ensure that the Board operates smoothly and effectively. In this capacity, he serves as a key liaison between the independent directors and the Company, including the non-independent directors, the CEO, and the senior management team.</p> |
| (g)       | <p>Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.</p>  | <p>The summary of attendance of the directors at meeting of the Board and committees is presented in each individual director's profile under "Business of the Meeting" in this Circular.</p>   |
|           |   |   |
| <b>2.</b> | <b>Board Mandate</b>  |   |
|           | <p>Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.</p>   | <p>The Board has adopted a written mandate, which is attached as Schedule A1.</p>   |
|           |   |   |
| <b>3.</b> | <b>Position Descriptions</b>  |   |
| (a)       | <p>Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.</p>   | <p>The Board has developed written position descriptions for the Executive Chairman of the Board, the Non-executive Chairman of the Board, and for the Chair of each Board Committee.</p>   |
| (b)       | <p>Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.</p>  | <p>The Board and the Chief Executive Officer have developed a written position description for the Chief Executive Officer.</p>   |

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| <b>4. Orientation and Continuing Education</b> |  |  |
| (a)  | Briefly describe what measures the Board takes to orient new directors regarding:  | The Board addresses the orientation of new directors on a case by case basis. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Corporation's business will be necessary and relevant to each new director. Where appropriate, the Corporation will sometimes give a new director a special assignment as a way to help orient the new director in the Corporation. |
|  | (i) the role of the Board, its committees and its directors; and   |  |
|  | (ii) the nature and operation of the issuer's business.  |  |
| (b)  | Briefly describe what measures, if any, the Board takes to provide continuing education for its directors.   | The Corporation provides continuing education to its directors as such need arises and encourages open discussion at all meetings, which encourages learning by the directors. The Corporation and all of its directors are members of the Institute of Corporate Directors, which gives them access to continuing education opportunities.  |
| (c)  | If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.               | If determined to be appropriate, the Board will pay the fees associated with courses or professional development programs that a director determines is relevant to the position on the Board.   |
| <b>5. Ethical Business Conduct</b>             |  |  |
| (a)  | Disclose whether or not the Board has adopted a written code for the directors, officers and employees.<br><br>If the Board has adopted a written code:  | The Board has adopted a Code of Business Conduct and Ethics. A copy can be obtained free of charge, upon request, from the Corporation's Corporate Secretary at 717 Jarvis Avenue, Winnipeg, MB, R2W 3B4.<br><br>The Corporate Governance Committee reviews the terms of the Code of Business Conduct and Ethics on a regular basis, and monitors compliance with the Code.  |
|  | (i) disclose how a person or company may obtain a copy of the code;  |  |
|  | (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and |  |
|  |  | Each director and officer of the Corporation and its subsidiaries confirms in writing that he or she is in compliance with the Code of Conduct.  |

|                                   |  |   |
|-----------------------------------|--|---|
|                                   | (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code. | There has not been any material change report filed in the 2016 financial year or since the beginning of the 2016 financial year that pertains to any conduct of a director or executive officer that constitutes a violation of the Code.  |
| (b)                               | Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.   | <p>The Audit Committee is responsible for reviewing the financial and accounting aspects of transactions where a director or executive officer has a material interest. The Corporate Governance Committee satisfies itself that all such transactions comply with corporate governance rules.</p> <p>Each director is required to disclose to the Board or the Committees on which he or she sits, his or her interest in any transaction when it is brought up for discussion at meetings of the Board or the Committees.</p> |
| (c)                               | Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.   | Management submits at least once a year to the Board the budgets and strategic direction of the Corporation's business units. Directors are encouraged to ask questions and offer recommendations on the Corporation's business conduct.  |
| <b>6. Nomination of Directors</b> |  |   |
| (a)                               | Describe the process by which the Board identifies new candidates for Board nomination.  | <p>On an annual basis the Corporate Governance Committee examines and recommends to the Board a list of candidates for the composition of the Board and its committees. The list, as approved by the Board, is submitted for vote to the Shareholders at the Corporation's annual general meeting.</p> <p>In exceptional circumstances, the Board will appoint a new Board member directly to the Board, to serve until the next annual general meeting, when the Shareholders will vote on the matter.</p>                     |

|                        |  |  |
|------------------------|--|--|
| (b)                    | Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process. | The Corporate Governance Committee, composed entirely of independent directors, exercises the role of a nominating committee.  |
| (c)                    | If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.  | The Corporate Governance Committee, composed entirely of independent directors, exercises the role of a nominating committee. With regard to nominations, the responsibilities of the Corporate Governance Committee are to assist the Board in establishing the minimum qualifications for a director nominee, including the qualities and skills that Board members are expected to possess; to lead the search for and identify individuals qualified to become Board members, consistent with criteria approved by the Board; and to recommend that the Board select, the director nominees to be presented for Shareholder approval at the next Annual General Meeting of Shareholders, and one or more director nominees for each vacancy on the Board that occurs between Annual General Meetings of Shareholders, subject to legal rights, if any, of third parties to nominate or appoint directors. The Committee shall select or recommend individuals as director nominees who meet the minimum qualifications approved by the Board and who shall have high personal and professional integrity, who shall have financial literacy or other professional or business experience relevant to an understanding of the Corporation and its business, who shall have demonstrated an ability to think and act independently and with sound judgment and who shall be effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the Corporation and its Shareholders. |
|                        |  |  |
| <b>7. Compensation</b> |  |  |
| (a)                    | Describe the process by which the Board determines the compensation for the issuer's directors and officers.   | The Corporate Governance Committee serves the function of a Compensation Committee. It recommends compensation and bonus plans for the CEO to the independent members of the Board, who make the final decisions. It also makes recommendations to the CEO with respect to compensation for senior officers of the Corporation. The same process is used to  |



|                                  |  |  |
|----------------------------------|--|--|
|                                  |  | review and approve actual payouts under such bonus plans. Compensation of directors is handled in the same way, except that the full Board makes the final decisions in this regard.   |
| (b)                              | Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation. | The Corporate Governance Committee, which is composed entirely of independent directors, serves the function of a Compensation Committee.  |
| (c)                              | If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.  | The Corporate Governance Committee serves the function of a Compensation Committee. It recommends compensation and bonus plans for the CEO to the independent members of the Board, who make the final decisions. It also makes recommendations to the CEO with respect to compensation for senior officers of the Corporation. The same process is used to review and approve actual payouts under such bonus plans. Compensation of directors is handled in the same way, except that the full Board makes the final decisions in this regard.   |
| <b>8. Other Board Committees</b> |  |  |
|                                  | If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.  | In addition to the Audit and Corporate Governance Committees described above, the Corporation also has two other standing committees:<br><br>Health, Safety, Environment, Community Committee (HSEC Committee). The role of the HSEC Committee is to ensure that the Corporation makes all decisions with due consideration of environmental protection and sustainable development, foster a culture of employee safety, and ensure that the Corporation meets the standards of a good corporate citizen in all of the communities where it carries on business. The HSEC Committee meets directly with the Corporation's senior safety officer to review the safety performance of the Corporation, providing a direct conduit to the Board for any safety issues. |

|                       |   |   |
|-----------------------|---|---|
|                       |   | Executive Committee. The role of the Executive Committee is to provide a sounding board for the Chief Executive Officer as he executes the strategy that has been developed by the CEO and approved by the Board. |
| <b>9. Assessments</b> |   |   |
| (a)                   | Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution.   | It is the Corporate Governance Committee's responsibility to assess the overall effectiveness of the Board and of its committees.   |
| (b)                   | If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively. | The Committee's findings are reported to the Board. The Corporate Governance Committee's Chair discusses with the Board Chair the performance of each director.   |

The Corporation is a venture issuer, listed on the TSXV. As a venture issuer, the Corporation is not required to disclose its approach or any policies that it may have adopted regarding:

- Director Term Limits
- Representation of Women on the Board
- Consideration of the Representation of Women in the Director Identification and Selection Process
- Consideration given to the Representation of Women in Executive Officer Appointments
- Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions
- Number of Women on the Board and in Executive Officer Positions

Despite its disclosure obligations, the Corporation strives to achieve corporate governance practices that exceed those that are required by securities laws or regulatory requirements. The Corporation takes the above listed matters seriously and anticipates that it will, in the future, adopt practices to address director term limits and the representation of women on the Board and as executive officers of the Corporation.

# Appendix A1

## Board Mandate

The Board of Directors of Empire Industries Ltd. (the “Board”) is elected by the Corporation’s shareholders to supervise the management of the business and affairs of the Corporation pursuant to the powers vested in its articles and by-laws, and in accordance with the obligations under regulatory and public law.

Within its stewardship responsibility the Board is to preserve and enhance the viability of the Corporation and to ensure that it is managed in the interests of the shareholders as a whole in conformity with the law and legitimate interests of other stakeholders.

The Board delegates the responsibility for the day-to-day conduct of business to the management of the Corporation, through its Chief Executive Officer (“CEO”), within a policy framework established by the Board. In executing their responsibilities, each of the members of the Board is entitled to rely on the advice, reports and opinions of management.

### **Core Responsibilities**

The core responsibilities of the Board include stewardship and oversight in the following areas:

#### ***Strategic Planning***

The Board ensures that the Corporation adopts a strategic planning process to guide its activities. The Board meets periodically to review the plan. In addition, at each regular meeting, the Board reviews the Corporation’s overall business strategies, its business plan, as well as major strategic initiatives, to allow the Board to evaluate whether the Corporation’s proposed actions are generally in accordance with its objectives.

#### ***Identification of Principal Risks***

The Board, directly and through the Audit, Corporate Governance, and Environment/Safety/Community Committees, reviews the principal risks of the Corporation’s business and the appropriateness of the systems put in place to manage these risks.

#### ***Selection and Remuneration of the CEO and the Senior Management Team***

The Board is responsible for selecting the CEO and for approving the selection of the members of the senior management team. Communication with the management team is through the CEO and the Board is responsible for judging the effectiveness of this officer and replacing him if such action is deemed to be in the best interests of the Corporation. The Board is also responsible for providing an effective system of remuneration. These functions are performed with the benefit of advice from the Corporate Governance Committee.

#### ***Succession Planning***

On a regular basis, the Board reviews a succession plan, developed by management, addressing the policies and principles for selecting a successor to the CEO and other key senior management positions, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO currently in the Corporation’s senior management.

### ***Financial Reporting and Internal Controls***

The Board, acting through the Audit Committee, oversees the financial reporting and regulatory filing and disclosures of the Corporation. This includes monitoring the implementation of appropriate internal control systems to ensure the accuracy and timeliness of the information.

### ***Communication Policy***

The Disclosure Policy established by the Board summarizes practices regarding disclosure of material information to investors, analysts and the media. The Board, in consultation with the Corporate Governance Committee, monitors and advises on compliance with this Policy.

### ***Evaluating Board Performance***

The Board, acting through the Corporate Governance Committee, conducts an evaluation, at least annually, to assess the effectiveness of the Board, its Committees, the Chairman, and individual Directors. In addition, the Corporate Governance Committee periodically considers the mix of skills and experience that Directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

## **Board Composition**

### ***Board Composition***

The composition of the Board should balance the following goals:

- a) The size of the Board should facilitate substantive discussions of the whole Board in which each Director can participate meaningfully;
- b) The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Corporation's business; and
- c) Membership on the Board shall include an appropriate number of Directors whom the Board has determined have no material relationship with the Corporation or its principal shareholders and who are otherwise considered independent as contemplated by the corporate governance guidelines published by the Canadian Securities Administrators (the "CSA Guidelines") and under the rules of the Toronto Stock Exchange ("TSX")

### ***Selection of Directors***

The Corporate Governance Committee is responsible for recommending to the Board, from time to time, a list of potential Directors meeting the Corporation's general criteria for Board membership, as well as suitable nominees to fill specific vacancies occurring between annual general meetings of shareholders. The processes used by the Committee as well as the bases for its recommendations are outlined in the Corporate Governance Committee Charter. The Board is responsible for selecting nominees for election to membership on the Board for presentation at annual general meetings of shareholders.

### ***Orientation and Continuing Education***

The Corporate Governance Committee is responsible for the continuing education of Directors as outlined in the Committee's Charter.

## **Board Committees**

### ***Standing Committees***

The standing committees of the Board are the Audit Committee, the Corporate Governance Committee, and the Health/Environment/Safety/Community (HESC) Committee. Each of these three committees has a written Charter, satisfying at a minimum, applicable legislative and TSX rules.

All Directors, whether members of specific committees or not, may request attendance at any committee meeting and may make suggestions to committee chairs for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give periodic reports of his or her committee's activities to the Board.

### ***Assignment of Committee Members***

The Corporate Governance Committee is responsible, after consultation with the Chairman of the Board, for recommending the assignment of Board members to various committees and the selection of the committee chairs.

## **Board Meeting Procedures**

### ***Frequency of Meetings***

The Board holds regularly scheduled meetings on a quarterly basis as well as additional meetings to consider particular issues or strategic planning. Special meetings may be called from time to time as determined by the needs of the Corporation's business.

### ***Selection of Agenda Items for Board Meetings***

The Chairman, in consultation with the CEO and the Corporate Secretary, establishes the agendas for Board meetings. Any Board member, however, may recommend the inclusion of specific agenda items. The agenda is distributed in advance of a meeting to each Director.

### ***Board Materials Distributed in Advance***

Information, data and presentation materials that are important to the Board's understanding of the business are distributed in writing to the Board before each meeting. Management should provide materials that are as concise as possible while giving Directors sufficient information, and time for review (subject to availability of time sensitive materials), to make informed decisions. Under certain circumstances, written materials may be unavailable to Directors in advance of a meeting, and certain items to be discussed at Board meetings may be of a sensitive nature such that the distribution of materials on these matters prior to the Board meeting would not be appropriate.

### ***Management at Meetings***

The Board invites members of management, in addition to the CEO and the Chief Financial Officer ("CFO"), to attend Board meetings from time to time to make presentations and provide additional insight into the various operations of the Corporation.

### ***Independent Director Meetings***

To encourage free and open discussion and communication among the non-management Directors of the Board, the Directors meet during, or at the end of each Board meeting, without members of management present.

## **Expectations of Directors**

### ***Commitment and Attendance***

All Directors should make every effort to attend all meetings of the Board and meetings of committees of which they are members. Although attendance in person is encouraged, members may attend by telephone to mitigate schedule conflicts.

### ***Participation in Meetings***

Each Director should be sufficiently familiar with the business of the Corporation, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which the Board member serves.

### ***Financial Knowledge***

One of the most important roles of the Board is to monitor financial performance. A Director must know how to read financial statements, and should understand the use of financial ratios and other indices for evaluating financial performance.

### ***Code of Conduct***

The Corporation has adopted a Code of Conduct. Certain portions of this Code deal with the business conduct of Directors, particularly with respect to transactions in the securities of the Corporation, potential conflicts of interest, the taking of corporate opportunities for personal benefit, and competing with the Corporation. Directors should be familiar with the Code's provisions in these areas and should consult with the Corporation's counsel in the event of any issues or concerns.

### ***Other Directorships***

The Corporation values the experience Directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a Director's time and availability, and may also present conflicts or legal issues. Directors should advise the Chair of the Corporate Governance Committee before accepting any new membership on other boards of directors or any other significant commitment involving an affiliation with other related businesses or governmental units.

### ***Contact with Management***

All Directors are invited to contact the CEO at any time to discuss any aspect of the Corporation's business. While respecting organizational relationships and lines of communication, Directors have complete access to other members of management. There will be frequent opportunities for Directors to meet with the CEO, CFO and other members of management in Board and committee meetings and in other formal or informal settings.

### ***Confidentiality***

The proceedings and deliberations of the Board and its committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her services.

## **Board Compensation**

The Board, acting through the Corporate Governance Committee, conducts a review on a regular basis of the components and amount of Board compensation in relation to other similar companies.

### ***Position in Descriptions: Chairman of the Board, Committee Chairs***

The duties and responsibilities of the Chairman of the Board and the Committee Chairs are set out in their respective Position Descriptions.

# Schedule B

## Audit Committee Charter

This Charter sets out the roles and responsibilities of the Audit Committee of Empire Industries Ltd. (the “Company”). The roles and responsibilities described in this Charter must at all times be exercised in accordance with the requirements of the legislation and regulations governing the Company and its subsidiaries.

### Composition

The audit committee is composed of three directors of the Company, all of whom shall meet the independence and experience requirements of the principal securities exchanges on which the Companies common shares are traded. The members of the Audit Committee must be “financially literate” as may be defined from time to time by the regulatory authorities. The quorum necessary to constitute a meeting of the Audit Committee is set at two directors.

“Independent” refers to an individual who has no direct or indirect material relationship with the Company. A material relationship refers to a relationship which could, in the view of the Company’s Board of Directors, reasonably interfere with the exercise of a member’s independent judgment.

“Financial literacy” means 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 Company’s financial statements.

The Audit Committee’s responsibilities extend to the Company and its subsidiaries.

### Audit Committee Objectives

1. To assist the Board of Directors in meeting their responsibilities.
2. To establish effective lines of communication between the Board of Directors, Management and Auditor.
3. To ensure independence, qualifications and performance of the Company’s external auditors.
4. To ensure the integrity of published financial reports.
5. To ensure the compliance by the Company with applicable legal and regulatory requirements relating to audit and internal controls.
6. To strengthen the role of the directors by facilitating in-depth discussions among directors, management and the auditor.

### Audit Committee Responsibilities

1. Recommend to the Board of Directors:
  - a) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company.
  - b) the compensation for the external auditor.

2. Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting and the auditors shall report directly to the Audit Committee. However, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate. This is the responsibility of Management and the independent auditor.
3. Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.
4. Review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
5. Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in (4) above, and periodically assess the adequacy of those procedures.
6. Establish procedures for:
  - a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
  - b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
7. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
8. Recommend that the Board retain special legal, accounting or other consultants to advise the Committee and to conduct or authorize investigations into any matters within the scope of its responsibilities. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend any meeting of the Committee or to meet with any members of, or consultants to, the Committee.
9. Make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Cover image courtesy of Parc du Futuroscope



# Shareholder Information and Inquiries

**Corporate Headquarters**  
Empire Industries Ltd.  
717 Jarvis Ave  
Winnipeg MB R2W 3B4

## Investor Relations

**Institutional investors, security analysts and others requiring additional financial information can visit [www.empind.com](http://www.empind.com) or contact:**

Guy Nelson: [gnelson@empind.com](mailto:gnelson@empind.com) or

Allan Francis: [afrancis@empind.com](mailto:afrancis@empind.com)

**For media inquiries contact:**

John Kageorge:

[jkageorge@empind.com](mailto:jkageorge@empind.com)



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Company

## On-line Information

Empire Industries Ltd. is committed to open and full financial disclosure and best practices in corporate governance. We invite you to visit our website ([www.empind.com](http://www.empind.com)) where you will find additional information about our business including events and presentations, news releases, regulatory filings, governance practices and our continuous disclosure materials including quarterly financial releases and Management Information Circulars. You may also subscribe to our news by e-mail to automatically receive Empire Industries' news releases electronically.