BIRD CONSTRUCTION INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2012

Dated March 12, 2013

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1. CORPORATE STRUCTURE

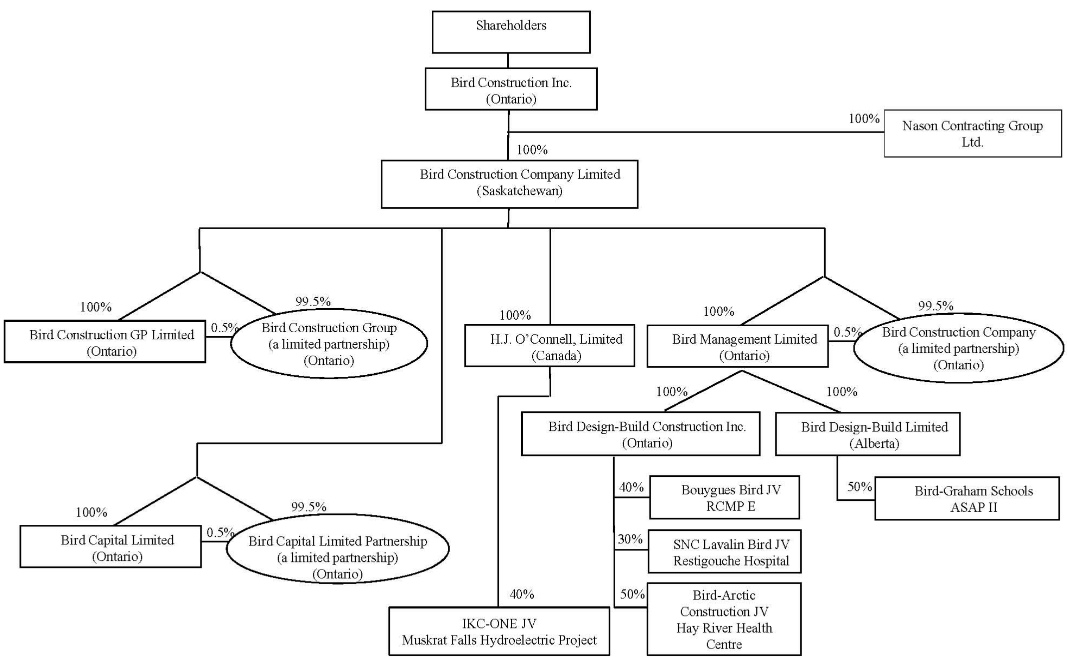
1.1 Name, Address and Incorporation

Bird Construction Inc. (the “Company” or "Bird") was incorporated on March 5, 2010 under the *Business Corporations Act* (Ontario) for the sole purpose of facilitating the conversion of Bird Construction Income Fund (the "Fund") to a corporation. On January 1, 2011, the conversion to a corporation was completed with the unitholders of the Fund becoming the shareholders of the Company. The conversion had no impact on the nature of the construction activities undertaken by Bird. The Company’s common shares are listed on the Toronto Stock Exchange under the trading symbol BDT.

The Company’s registered and principal office is located at 5700 Explorer Drive, Suite 400, Toronto, Ontario L4W 0C6.

1.2 Intercorporate Relationships

The following diagram illustrates the organizational structure of the Company, its principal subsidiaries, its investment in the limited partnerships and interests in joint ventures relating to the execution of Public Private Partnership (“PPP”) construction contracts.



Bird conducts a number of its construction projects using joint ventures which offer the benefits of pooling of resources required to complete the project and the spreading of risk between partners. The joint ventures are formed to undertake a specific project, are jointly controlled by the partners and are dissolved upon completion of the project.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 The Business

The Company operates as a general contractor across Canada with offices in St. John's, Halifax, Saint John, Wabush, Montreal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver and in St. Albert, with the acquisition of Nason Contracting Group Ltd. ("Nason") on January 17, 2013. The Company and its predecessors have been in operation for more than 90 years, and focus primarily on projects in the industrial, mining, commercial and institutional sectors of the general contracting industry, using fixed price, design-build, unit price, cost reimbursable, guaranteed upset price, and construction management contract delivery methods.

While Bird self-performs some elements of its projects, particularly in the industrial market sector and in conjunction with the civil construction and contract mining operations, the majority of the overall construction risk rests with Bird's subcontractors. The scope of the work of each subcontractor is defined by the same contract documents that form the basis of the Company's agreements with its clients. The terms of the agreements between the Company and its clients are replicated in the agreements between the Company and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by the Company. Depending on the value of the work, the Company may require bonds or other forms of contract security from subcontractors which will help mitigate exposure to possible additional costs should a subcontractor not be able to meet their contractual obligations. Bird's primary constraint on growth is the ability to secure new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.

At the end of 2012, the Company has a backlog of $1,073.9 million, compared with $1,235.6 million at the end of 2011, and $1,229.6 million at the end of 2010.

Construction activity is tied to the general state of the economy. Economic conditions have been gradually improving over the past three years and this factor has in part contributed to an increase in the Company's annual revenues in each of the past three years. The Company's annual revenues were $1,454.9 million in 2012, $974.5 million in 2011 and $842.0 million in 2010. Net income was $58.2 million in 2012, $29.5 million in 2011 and $46.2 million in 2010. In 2010, Bird was structured as an income trust and was able to access certain income tax benefits which were eliminated by changes to the Canadian Income Tax Act for 2011 and subsequent years. If in 2010, Bird had been subject to corporate tax rules, 2010 adjusted net income would have been approximately $38.6 million.

The reduction in net income in 2011 compared with 2010 was attributable to the combined effect of lower gross profit, primarily resulting from a competitive market, higher general and administrative expenses due to the need to build human capital necessary to grow the business, offset to some extent from the earnings derived from the O'Connell acquisition, effective on August 31, 2011. The increase in net income in 2012 compared with 2011 reflects continued growth in the economy, in particular, a resurgence of construction activity in northern Alberta, continued strengthening in the commercial sector and a full year's income contribution from O'Connell, where earnings were supported by significant capital expenditures made by O'Connell's customers.

The institutional sector represented 37% of 2012 revenues (58% in 2011; 61% in 2010). The decline in the relative significance of revenues from this sector in 2011 compared with 2010 is primarily a result of the elimination of government stimulus spending and the impact on 2011 revenues offset to some extent by higher revenues from the execution of PPP projects. While the proportion of total volume of institutional projects declined in 2012 relative to 2011, the Company still executed a respectable volume of institutional work in 2012. The Company anticipates that institutional spending will be limited, as all levels of government are still under pressure to address budget deficits. However, the Company will continue to be active in the PPP sector and will be submitting proposals for projects of this nature in 2013 and beyond. Competition for these projects will continue to be intense and there can be no assurance that the Company will be successful in achieving contract awards.

The industrial market contributed 43% of 2012 revenues (31% in 2011; 32% in 2010). In 2011, particularly in the last half of the fiscal year, the Company experienced an increase in Alberta oil sands activity, which largely served to bring revenues in line with those reported in 2010. The recovery in the oil sands activity was largely offset by a reduction in revenues from industrial projects performed in other areas of Canada. The increase in revenues from the industrial sector in 2012 relative to 2011 is a result of a full year's contribution from O'Connell, combined with the fact that O'Connell's clients executed significant capital expenditure programs in 2012. In addition, for the most part, oil sands capital expenditure programs in 2012 continued the positive momentum established in the last half of 2011. Although the outlook for the level of 2013 oil sands activity is somewhat uncertain due to a combination of constraints surrounding pipeline capacity and volatile commodity pricing, a reasonable amount of oil sands activity is expected to continue into 2013, and Bird has the capacity to participate successfully in this sector moving forward. The level of mining sector activity is also somewhat uncertain which may make it difficult for the Company to replicate 2012 results in 2013. However, the Company is currently pursuing a number of hydroelectric and other civil work programs which could contribute to results in 2013, and beyond.

The retail and commercial sector represented 20% of 2012 revenues (11% in 2011; 7% in 2010). In 2011, Bird experienced an increase in the relative significance of revenues compared with 2010, reflecting an improvement in the economy and the decision of Bird's clients to commence construction of facilities. The recovery of the sector was particularly evident in the last half of the 2011 fiscal year. In 2012, the economic recovery continued to progress with a resultant increase in revenues derived from the sector. The total commercial revenues in 2012 almost tripled those realized in 2011 (approximately $300 million in 2012 compared to $100 million in 2011), reflecting the construction of a variety of facilities in the sector. For 2013, the Company expects this sector to remain consistent with 2012, although the market will remain very competitive.

Successful financial performance of the Company is dependent upon securing profitable construction contracts at reasonable gross profit margins and then controlling the cost associated with performing the work. The ability to secure contracts is a function of the general state of the economy. Despite the fact that the economy continues to grow at a modest pace, we expect that competition for opportunities in the construction market to remain intense, and accordingly, we expect gross profit margin percentages in 2013 to remain for the most part unchanged from the level realized in 2012. Uncertainty surrounding the strength of demand for commodities and the resultant impact on commodity prices has the potential to reduce the demand for construction services in the Alberta oil sands and the mining sector in Quebec and Newfoundland and Labrador. If in 2013 the demand for construction services in the industrial sector declines, it will be difficult for Bird to make up any shortfall from gains realized from our institutional and commercial sectors.

2.2 Significant Acquisitions and Recent Events

On January 17, 2013, the Company acquired all of the outstanding shares of Nason Contracting Group Ltd. ("Nason"). The total cost of the acquisition, including transaction expenses, was approximately $13.3 million. The $12.8 million purchase price and related transaction expenses of $0.5 million were funded with approximately $8.3 million of cash and the issuance of 363,007 common shares from treasury valued at $5.0 million. Nason is a recognized leader in the construction of water and wastewater facilities in Western Canada. Nason has a 40-year track record of successful construction projects throughout Alberta, British Columbia, Saskatchewan, Yukon and the Northwest Territories. Nason's head office, shops and yard are located in St. Albert, Alberta and they perform the majority of their work with their own forces, having particular strength in the execution of mechanical, electrical and instrumentation work.

On August 31, 2011, the Company acquired all of the outstanding shares of O'Connell. The purchase price for the acquisition was approximately $85.5 million, including purchase price adjustments relating to acquired working capital on closing, and an estimate of the estimated future earn-out payments relating to the realization of future net income of O'Connell. The amounts required to be paid on closing were funded by $30.6 million of debt secured by certain equipment owned by O'Connell and $15.0 million of vendor take-back notes, with the balance funded out of Bird's available cash. O'Connell has been a leader in the heavy construction, civil construction and contract surface mining construction sectors of the general contracting industry since 1931, with current operations in Newfoundland and Labrador, northern Quebec and Manitoba. O'Connell operates a large fleet of heavy civil and mining equipment in support of its construction operations. A Business Acquisition Report relating to the acquisition was filed on Sedar on November 15, 2011. The revenues and income of O'Connell subsequent to September 1, 2011 are included in the consolidated income of the Company. The acquisition will enable the Company to more aggressively pursue heavy civil opportunities in

Canada's commodity, mining and hydro power markets.

On March 3, 2011, the Board of Directors approved a three-for-one stock split to be effected by way of a stock dividend. Each shareholder of record of the Company on April 14, 2011 received two additional common shares for each common share held on that date. The additional shares were distributed on April 22, 2011.

3. CORPORATE GOVERNANCE OF THE COMPANY

The Company's Board of Directors is comprised of eight individuals, six of whom are independent Directors. The term of office of the Directors of the Company will continue until the next annual general meeting of the Company to be held on May 13, 2013, unless they resign or are removed at an earlier date. All current Directors are expected to stand for re-election at the next annual general meeting.

3.1 Directors

The Company will have a minimum of three Directors and a maximum of ten Directors. At least 25% of the Directors shall be resident Canadians, but if the Company has fewer than four Directors, at least one Director shall be a resident Canadian. The Directors will be elected by the shareholders by ordinary resolution. The Directors may from time-to-time appoint from their number one or more committees of Directors, including the requirement of the Company to maintain an Audit Committee. The Board of Directors' Mandate is included in Appendix A and the Audit Committee Charter is included in Appendix B.

3.2 Meetings of Shareholders

Meetings of shareholders are required to be called and held annually for the election of Directors and the appointment of auditors of the Company and transacting such other business as the Directors may determine or as may be properly brought before the meeting.

Shareholders may attend and vote at all meetings of the shareholders, either in person or by proxy, and a proxy holder need not be a shareholder. Two persons present and each holding or representing by proxy at least one issued common share of the Company shall be a quorum of any meeting of shareholders for the choice of a chair of the meeting and for the adjournment of the meeting to a fixed time and place but may not transact any other business. For all other purposes, a quorum for any meeting shall be persons holding or representing by proxy not less than 25% of the total number of issued common shares of the Company.

3.3 Dividend Policy of the Company (Reflects the April 2011 three-for-one stock split)

In establishing the dividend rate for a particular period, the Company will take into consideration, amongst other things, the need to meet future requirements for increases in working capital and equity to meet contract security requirements, provide the financial capacity to withstand any downturn in the construction industry should it occur, expansion of the business and the desirability of maintaining a stable or increasing dividend rate. On March 7, 2012, the Board of Directors approved an increase in the annual dividend rate of 9.0%, resulting in an annualized dividend rate of \$0.72 per common share or \$0.06 per common share per month. For the year ended December 31, 2012, the total amount of dividends declared by the Company was \$0.71 per share (2011 - \$0.66 per share). The payment of dividends on common shares will be made monthly to shareholders of record on the last business day of the month, with the actual payment of the dividend made on or about the 20th of the following month. The Company has continued to pay monthly dividends of \$0.06 per share until February 2013. Effective March 2013, the Company increased its monthly dividend by 5.5% to \$0.0633 per share.

4. DESCRIPTION OF THE BUSINESS

4.1.1 *General Information*

The Company is a general contractor with offices in St. John's, Halifax, Saint John, Wabush, Montreal, Toronto, Winnipeg, Calgary, Edmonton, Vancouver, and in St. Albert, with the acquisition of Nason. The Company and its predecessors have been in operation for over 90 years. The Company focuses primarily on projects in the industrial, mining, commercial and institutional sectors of the general contracting industry. The Company serves clients in the industrial, mining, institutional, retail, commercial, multi-tenant residential, light industrial, and renovation and restoration sectors using fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods.

4.1.2 *Industry Sectors*

Institutional

The institutional sector represented 37% of 2012 revenues (58% in 2011; 61% in 2010). The decline in the relative significance of revenues from this sector in 2011 compared with 2010 is primarily a result of the elimination of government stimulus spending and the impact on 2011 revenues offset to some extent by higher revenues from the execution of PPP projects. While the proportion of total volume of institutional projects declined in 2012 relative to 2011, the Company still executed a respectable volume of institutional work in 2012. The Company anticipates that institutional spending will be limited, as all levels of government are still under pressure to address budget deficits. However, the Company will continue to be active in the PPP sector and will be submitting proposals for projects of this nature in 2013 and beyond. Competition for these projects will continue to be intense and there can be no assurance that the Company will be successful in achieving contract awards.

Industrial

This sector includes projects in the petro-chemical, oil sands, mining, refinery, water and wastewater treatment and forestry sectors. Within the industrial sector, the focus of Bird is the construction of industrial buildings and on civil construction including concrete foundations, underground piping and earthwork. Effective August 31, 2011 with the acquisition of O'Connell, the relative significance of revenues attributed to this sector will increase. Bird has developed staff with strong project management and pre-construction skills. Furthermore, in northern Alberta, Bird has developed loyal construction crews with excellent expertise in concrete construction. Bird has a strong safety program and enjoys an outstanding safety record, which represents a significant asset in the industrial marketplace. Bird has an excellent reputation with its clients for quality workmanship and adherence to environmental requirements. The industrial market contributed 43% of 2012 revenues (31% in 2011; 32% in 2010). In 2011, particularly in the last half of the fiscal year, the Company experienced an increase in Alberta oil sands activity, which largely served to bring revenues in line with those reported in 2010. The recovery in the oil sands activity was largely offset by a reduction in revenues from industrial projects performed in other areas of Canada. The increase in revenues from the industrial sector in 2012 relative to 2011 is a result of a full year's contribution from O'Connell, combined with the fact that O'Connell's clients executed significant capital expenditure programs in 2012. In addition, for the most part, oil sands capital expenditure programs in 2012 continued the positive momentum established in the last half of 2011. Although the outlook for the level of 2013 oil sands activity is somewhat uncertain due to a combination of constraints surrounding pipeline capacity and volatile commodity pricing, a reasonable amount of oil sands activity is expected to continue into 2013, and Bird has the capacity to participate successfully in this sector moving forward. The level of mining sector activity is also somewhat uncertain, which may make it difficult for the Company to replicate 2012 results in 2013. However, the Company is currently pursuing a number of hydroelectric and other civil work programs which could contribute to results in 2013, and beyond.

Commercial

Bird's retail construction experience has involved the construction or renovation of various types of retail projects, such as enclosed shopping malls, shopping plazas, "big box" stores and grocery stores, while working with a distinguished list of national and local retailers. The retail and commercial sector represented 20% of 2012 revenues (11% in 2011; 7% in 2010). In 2011, Bird experienced an increase in the relative significance of revenues compared with 2010, reflecting an improvement in the economy and the decision of Bird's clients to commence construction of facilities. The recovery of the sector was particularly evident in the last half of the 2011 fiscal year. In 2012, the economic recovery continued to progress with a resultant increase in revenues derived from the sector. The total commercial revenues in 2012 almost tripled those realized in 2011 (approximately $300 million in 2012 compared to $100 million in 2011), reflecting the construction of a variety of facilities in the sector. For 2013, the Company expects this sector to remain consistent with 2012, although the market will remain very competitive.

Competitive Conditions

The barriers to entry to the construction business are relatively low and Bird competes with many international, national, regional and local construction firms in the construction marketplace. The expertise, capital, equipment and labour pool required to perform in the industrial market and in the PPP market are greater and the pool of competitors is smaller. In all its markets, Bird endeavors to distinguish itself and reduce the number of its competitors by developing specialized expertise in construction of particular building types, by building long-term relationships with its clients, by maintaining a superior safety record and by offering a high level of service.

4.1.3 *Cyclicality*

The construction industry is cyclical and follows the general state of the economy in the local geographic area. Bird manages cyclicality through geographic diversification, market diversification and through its relationship with large and well-financed clients who are more likely to maintain their construction programs during an economic downturn than locally based clients that are more subject to local economic forces.

4.1.4 *Seasonality*

Although Bird experiences some seasonality in its business, variations in net income from quarter to quarter primarily reflect the differences in the profitability of the contracts administered in any given quarter. First quarter revenues can be lower than subsequent quarters due to winter weather constraints and construction schedule planning around the coldest months.

4.1.5 *Variability in Quarterly Earnings*

Construction contracts typically extend over several quarters and sometimes over several years. For purposes of quarterly financial reporting, Bird must estimate the cost required to complete each contract to assess the overall profitability of the contract and the amount of profit to recognize for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline, although certain risks will remain until the contract has been completed, and even beyond. As a result, earnings may fluctuate significantly from quarter to quarter, depending on whether large and/or complex contracts are completed or nearing completion during the quarter, or have been completed in immediately prior quarters.

4.1.6 *Environmental*

Bird is subject to, and to the best of its knowledge, is in compliance with federal, provincial and municipal environmental legislation in all of its areas of operations. Bird recognizes that it must conduct all of its business in such a manner to both protect and preserve the environment. Management is not aware of any pending environmental legislation which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements or competitive position.

4.1.7 *Employees*

Bird employed approximately 750 full-time salaried persons and 700 hourly persons (of which 540 were unionized workers) as at December 31, 2012. The number of hourly employees is dependent on the number and status of ongoing projects. Comparable numbers as at December 31, 2011 were approximately 670 full-time salaried persons and 570 hourly persons (of which 430 were unionized workers).

4.1.8 *Geographic Markets*

Bird operates across Canada. Bird has offices in St. John's, Halifax, Saint John, Wabush, Montreal, Toronto, Winnipeg, Calgary, Edmonton, St. Albert and Vancouver. In 2012, Bird recorded construction revenue of $1,454.9 million (2011, $974.5 million) all of which was earned in Canada.

4.1.9 *Surety Support*

Many clients and substantially all government clients, require general contractors with whom they conduct business to provide surety bonds. A surety bond is an instrument provided by a surety company that guarantees that a general contractor will perform its contractual obligations. Surety bonds for Bird are provided by Travelers Guarantee Company of Canada. Bird's agreements with its surety company are on industry standard terms.

4.1.10 *Working Capital and Investments*

The amount of working capital maintained by the Company is substantially determined by the minimum amount required to maintain adequate levels of surety support and to provide other forms of security to its clients. Bird invests excess cash in accordance with its investment policy in a variety of instruments of varying maturities to match its cash requirements. Excess cash is invested from time-to-time in high interest savings accounts, overnight deposits, bankers' acceptances and term deposits with typical terms to maturity of less than 90 days. The Company also holds investments in preferred shares and on occasion in short-term corporate bonds and debentures.

4.1.11 *Subcontractors and Suppliers*

Upon award of a construction contract and where Bird will not be self-performing certain scopes of the work, Bird will, in turn, make awards to various subcontractors and suppliers required to provide materials and services for the project. These subcontractor and supplier awards are normally made on the basis of fixed price quotations provided to Bird during the bidding phase. The quotations are typically irrevocable for the same period of time that the price submitted by Bird is open for acceptance by its client. Accordingly, the risk of any fluctuations in material or labour pricing is borne by Bird's subcontractors and suppliers.

The scope of the work of each subcontractor is defined by the same drawings and specifications that form the basis of Bird's agreement with its client. The terms of the agreement between Bird and clients are replicated in the agreement between Bird and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by Bird. Depending on the value of the subcontractor's work, Bird may require some form of performance security and achieves this through the use of surety bonds, subcontractor default insurance or other forms of security from the subcontractors to mitigate Bird's exposure to the risks associated with a subcontractor default under the contract.

4.1.12 *Specialized Skills and Knowledge*

Operation of the business requires staff with specialized skills and knowledge in the management of office and field construction activities. There is generally a shortage of suitably trained and experienced staff available to the Company which represents an impediment to growth and a risk in the event of staff turnover. There are a number of college and university programs that provide graduates with basic skills required to enter the industry. For many years, the Company has relied on a strategy of hiring staff at an entry level and providing them with the additional training and experience required.

4.2 <u>Risks Relating to the Business</u>

4.2.1 *Ability to Secure Work*

Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced by factors such as perceived level of services offered, construction schedule, project personnel, the makeup of the subcontractor team, prior experience with the prospective client and the type of project and the ability to provide bonds and other contract security. In order to be afforded an opportunity to bid for projects in the PPP market and other large projects, a strong balance sheet measured in terms of an adequate level of working capital is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic climate, competition is intense. This presents significant challenges for the Company. If those competitive challenges are not met, Bird's client base could be eroded or it could experience an overall reduction in profits.

A decline in demand for Bird's services from the private sector could have an adverse impact on the Company if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government funded institutional projects. Governments are still addressing budget deficit issues which may affect the institutional capital spending in the future. Any reduction in demand for Bird's services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections, could have an adverse impact on the Company if that business could not be replaced within the private sector. Government funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval. The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have procured a significant value of projects under a PPP contract format, which is an attractive market for the Company. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

4.2.2 *Economy and Cyclicality*

Activity within the construction industry is tied to the general state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Bird attempts to insulate itself in various ways from the effects of negative economic conditions. (See para. 4.1.3 Cyclicality) However, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Company has in the past earned above-average margins on particular projects. There is no assurance that above-average margins that may have been generated on historical contracts can be generated in the future. For more than 10 years, the Company has increased its focus on industrial projects in the oil sands of northern Alberta, and more recently in Eastern Canada through the acquisition of O'Connell. Investment decisions by our clients are based on the long-term views of the economic viability of their current and future projects. The economic viability of the projects is dependent upon the client's view of the long-term price of commodities which is influenced by many factors. If our clients' outlook for commodity prices is not favourable, this may delay, reduce or cancel capital project spending. A decrease in construction activity in this sector could have an adverse effect on the Company's financial performance and results of operations. Furthermore, most of Bird's contracts are and will be relatively short-term (less than two years, generally). As such, any prolonged downturn in the economy could impact Bird's ability to generate new business or maintain a backlog of contracts with acceptable margins to sustain Bird through such downturns.

4.2.3 *Potential for Non-Payment*

Before signing any construction contract, Bird goes to considerable lengths to satisfy itself that the potential client has adequate resources to make payments under the terms of the contract. Throughout the contract, Bird also attempts to ensure that payments are collected from clients before Bird's payments to subcontractors and suppliers for that contract fall due. However, because of the nature of Bird's contracts and occasionally because of delays in receiving customer payments, Bird may be required to utilize its working capital to fund construction costs, temporarily. If a customer defaults in making its payments on a project, Bird would generally have the right to register a lien against the project. If the customer was unable or unwilling to pay the amount owing to Bird, a lien against the property would normally provide some security that Bird could realize any outstanding payments. However, in these situations, Bird's ability to collect the outstanding payments is never assured. Payment default by a client could result in a financial loss to Bird that could have a material effect on Bird's operating results and financial position.

4.2.4 *Ability to Hire and Retain Qualified and Capable Personnel*

The success of Bird is highly influenced by the efforts of key members of management including its executive officers and district managers. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations. Most firms throughout the construction industry face this challenge, and accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

4.2.5 *Completion and Performance Guarantees/Design-Build Risks*

Under some contracts, failure to meet a project deadline may expose Bird to financial penalties, or liquidated damages under the contract or Bird may be held responsible for cost impacts to the client resulting from any delay. PPP infrastructure contracts typically contain more onerous financial penalties for project delays, which further increases Bird's exposure to these risks. Under other contracts, particularly design-build contracts, the work or portions thereof may be required to meet certain performance specifications and the specified needs of the customer. This places on Bird the added risk of liability for design flaws as well as added construction costs that may result from such flaws. If the project fails to meet performance specifications or if it is found that Bird is responsible for errors made in the design of the project, Bird would be exposed to the costs necessary to meet the performance specifications or to rectify the design error. The Company mitigates its exposure to these risks by subcontracting for design services and subscribing for professional liability insurance.

If Bird fails to meet these completion performance or design obligations, the total costs of the project could exceed original estimates and could result in a loss to Bird for that project. In extreme cases, such situations could have a material negative impact on the operating results and financial position of Bird.

4.2.6 *PPP Project Risk*

Bird is active in the public private partnership market. Bird's role in these projects is typically to provide design-build construction services to a consortium that is formed to provide design, construction, financing and management of a public facility. Inherent in the design-build contract format are performance guarantees and design-build risks outlined in 4.2.5 above. Among other things, the performance guarantees on PPP projects often include responsibility for the energy performance of the facility and achievement of environmental standards; if Bird fails to meet the required standards, it may be liable for substantial penalties. The construction contracts also typically require Bird to pay significant liquidated damages if the projects are not completed on schedule.

The PPP procurement model also typically results in the transfer of certain risks to the contractor beyond what would be the case for a similar facility under a conventionally procured format. These include responsibility for such issues as changes in law and certain force majeure and delay events. In addition, if Bird's contract was terminated for cause, the Company would be exposed to substantial breakage costs from the consortium and their lenders. The security required to support the obligations that the Company undertakes on these projects typically includes substantial letters of credit which may be drawn upon in the event that the Company fails to meet its obligations.

4.2.7 *Performance of Subcontractors*

Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of subcontractors who are engaged to complete the various components of the work. Subcontractor defaults tend to increase during depressed market conditions. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to complete the work and may incur additional costs. This can result in reduced profits, or in some cases, significant losses on the contract and could also damage the reputation of Bird. In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of the subcontractor's work, Bird may require some form of performance security and achieve this through the use of surety bonds, subcontractor default insurance or other forms of security from the subcontractors to mitigate Bird's exposure to the risks associated with a subcontractor under the contract. A significant shortage of qualified subcontractors and trades people could have a material impact on Bird's financial condition and results of operations.

4.2.8 *Competitive Factors*

Bird competes with many international, national, regional and local construction firms. Our competitors often enjoy advantages in a particular market that Bird does not have or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make, including what level of profit can be incorporated into its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

4.2.9 *Estimating Costs/Assessing Contract Risks*

The contract price for a significant number of contracts performed by Bird is based, in part, on cost estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with the contract, or estimates of the project costs may be in error, resulting in a loss of or lower than anticipated profits. All significant cost estimates are reviewed by senior management prior to tender submission.

4.2.10 *Access to Surety Support and Other Contract Security*

On many of its construction contracts, Bird is required to provide surety bonds. Bird's ability to obtain surety bonds depends primarily upon its capitalization, working capital, past performance, capability and continuity of management, as well as its current level of activity. As the value of Bird's backlog increases, Bird may be required to maintain higher levels of equity and working capital than it currently maintains. The level of working capital required to maintain ongoing surety support is subject to negotiation and cannot be determined exactly. Furthermore, the overall capacity of the surety market and claims experience of sureties will have an influence on the pricing and availability of bonds. There is no assurance that Bird will have access to surety support on favourable or commercially reasonable terms or at all for all the contracts it would like to pursue. Bird's agreements with its surety company are on industry standard terms.

To participate in the PPP market, the Company is typically required to support its contractual commitments by posting substantial letters of credit and providing corporate guarantees, both of which are limited by the working capital and equity of the Company. It is possible that the ability of the Company to secure new projects will be constrained by its capitalization.

4.2.11 *Litigation/Potential Litigation*

As a part of the normal course of the construction business, disputes arise between parties to construction contracts. While Bird attempts to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time, Bird may be involved in a number of disputes that could lead to litigation and there may be a number of disputes in various stages of litigation. It is management's opinion that adequate provision has been made in Bird's consolidated financial statements for any potential settlements relating to such matters and management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against Bird that would have a materially adverse impact on the operations of Bird. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to Bird's reputation or reduction of prospects for future contract awards.

4.2.12 *Quality Assurance and Quality Control*

Bird enters into contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, Bird would be exposed to additional costs for the correction of non-compliant work.

4.2.13 *Maintaining Safe Work Sites*

In spite of the best efforts of Bird to minimize the risk of incidents, they can happen. When they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction worksites and offices safe. Failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to fines, regulatory sanction or even criminal prosecution. Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not engage particular contractors to perform their work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or incidents. Bird adheres to very rigorous safety policies and procedures which are continually reinforced on its work sites and offices. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or incidents.

4.2.14 *Accuracy of Cost to Complete Estimates*

As Bird performs each construction contract, costs are continuously monitored against the original cost estimates. On at least a quarterly basis, a detailed estimate of the costs to complete a contract is compiled by Bird. These estimates are an integral part of Bird's process for determining construction revenues and profits and depend on cost data collected over the duration of the project as well as the judgments of Bird's field and office personnel. To the extent that the cost to complete estimates are based on inaccurate or incomplete information or on faulty judgments, the accuracy of reported construction revenues and profits can be compromised. Bird has adopted many internal control policies and procedures aimed at mitigating exposure to this risk.

4.2.15 *Work Stoppages, Strikes and Lockouts*

Bird is signatory to a number of collective bargaining agreements. Future negotiation of these collective bargaining agreements could increase Bird's operating expenses and reduce profits as a result of increased wages and benefits. Failure to come to an agreement in these collective bargaining negotiations or those of its subcontractors and suppliers or government agencies could result in strikes, work stoppages, lockouts and increased costs resulting from delays on construction projects. A strike or other work stoppage is disruptive to Bird's operations and could adversely affect portions of its business, financial position, results of operations and cash flows.

4.2.16 *Potential Fluctuations in Quarterly Financial Results*

Bird's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of and competition for new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the market in which Bird operates; actions by governmental authorities including the level of governmental demand for the services provided by Bird; governmental regulations and expenditures required to comply with them; labour unrest involving Bird's workers, many of whom are unionized; seasonal weather conditions; and other conditions affecting revenues and expenses. Bird's operating expenses are incurred throughout each quarter. As a result, if expected revenues are not realized as anticipated, Bird's quarterly financial results could be materially adversely affected. Accordingly, there may be significant variations in the Company's consolidated quarterly financial results.

In addition, construction contracts typically extend over several quarters and sometimes over several years. For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the amount of revenue to be recognized in the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and the remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline although certain risks will remain until the contract has been completed, and even beyond. As a result of this, earnings may fluctuate significantly from quarter to quarter, depending on whether large and/or complex contracts are completing or nearing completion during the quarter, or have been completed in immediately prior quarters.

4.2.17 *Compliance with Environmental Laws*

Bird is subject to numerous federal, provincial and municipal environmental laws, and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. Bird's projects can involve the handling of hazardous and environmentally sensitive materials, which, if improperly handled or disposed of, could subject Bird to civil and criminal penalties. While Bird strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond Bird's control that could adversely affect Bird. Management is not aware of any pending environmental legislation or incidents that would be likely to have a materially adverse impact on any of Bird's operations, capital expenditure requirements or competitive position, although there can be no assurance that no future legislation will be enacted or incidents will occur which may have a material impact on Bird's operations.

4.2.18 *Performance of Investment Portfolio*

Bird maintains a portfolio of marketable security investments. Bird has no control over the factors that affect the value of the investments in the Bird portfolio. Current market conditions and factors unique to each issuer or company in which Bird invests may affect the value of these investments. A substantial drop in the value of these investments could materially and adversely affect Bird's financial results. The investment portfolio contributes cash flow to Bird. This cash flow could vary significantly over time depending on the portfolio's performance. The portfolio is not professionally managed, but is managed by the CEO and CFO of Bird with the assistance of investment brokers and advisors.

4.2.19 *Joint Venture Risk*

Bird sometimes forms joint ventures to pursue and execute projects. A joint venture structure can be beneficial by permitting pooling of resources required to complete a project and by spreading risk between the partners. The joint ventures in which Bird participates are typically formed to undertake a specific project, are jointly controlled by the partners and are dissolved upon completion of the project. The agreements which govern these joint ventures typically require that the partners supply their proportionate share of operating funds and that they share profits and losses in accordance with specified percentages. Bird selects its joint venture partners based on a variety of criteria, including relevant expertise, past working relationships as well as analysis of the prospective partners' financial and construction capabilities. Each joint venture party is typically liable for the obligations of the joint venture on a joint and several basis. In the event that Bird's joint venture partner(s) fails to perform their obligations due to financial or other difficulties, Bird may be required to provide additional resources to the project and assume responsibilities for the obligations of its joint venture partner(s) including responsibility for financial losses.

4.2.20 *Insurance Risk*

In the normal course of business, Bird maintains insurance in order to satisfy the requirements of its construction contracts and part of its corporate risk management policies. Although Bird believes it maintains an appropriate amount of insurance coverage, there can be no assurance that the Company's insurance arrangements will be sufficient to cover claims incurred.

4.2.21 *Adjustments and Cancellations of Backlog*

The performance of the Company in a period depends significantly on the contribution from projects in its backlog. There can be no assurance that the revenues or profits included in backlog at any point in time will be realized. Contract suspensions, reductions and cancellations, which are beyond the control of Bird, do occur from time-to-time in the construction industry. Customers may have the right to suspend, cancel or reduce the scope of their contract with Bird, and although Bird generally has the right to be reimbursed for certain costs, it typically has no contractual rights to the total revenue or profit that was expected to be derived from such projects. These reductions may have a material adverse impact on future revenues and profitability.

4.2.22 *Acquisition and Integration Risk*

The Company has made, and may continue to pursue acquisition opportunities to advance its strategic plan. The successful integration of an acquired business typically requires the management of the pre-transaction business strategy, including the retention and addition of customers, realization of identified synergies, retention of key staff and the development of a common corporate culture. There is no assurance that the Company will be able to successfully integrate an acquired business in order to maximize or realize the benefits associated with an acquisition.

4.2.23 *Reputational Risk*

One of the Company's competitive advantages rests in its relationships with its customers and its long-standing reputation as a contractor that delivers high quality projects and services on time, in a safe and environmentally friendly manner. Damage to the Company's reputation can be the result of actual or perceived occurrence of any number of events. Negative publicity can arise from a number of factors including, among others, the quality of service provided, business ethics and integrity, health and safety record and compliance with laws or regulations. Negative opinion concerning any of these factors could potentially have an adverse effect on current operations and could limit its prospects and impair its future success. The Company depends on its reputation as a general contracting firm that abides by the highest ethical standards and has therefore implemented various policies and procedures to help mitigate this risk including the adoption of a comprehensive code of conduct which all employees are expected to review and abide by.

4.3 Risks Relating to the Shares

4.3.1 *Unpredictability and Volatility of Trading Prices*

A publicly-traded corporation does not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the common shares will trade cannot be predicted. The market price of a common share could be subject to significant fluctuations in response to variations in quarterly operating results and other market and industry factors. In addition, the securities markets have experienced significant price and volume fluctuations from time-to-time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the common shares.

4.3.2 *Payment of Dividends*

The payment of dividends on common shares is at the discretion of the Board of Directors of the Company. In establishing the amount of any dividend, the Board of Directors will take into consideration, amongst other things, the need to meet future requirements for increases in working capital and equity to meet contract security requirements, provide the financial capacity to withstand any downturn in the construction industry should it occur, expanding the business and the desirability of maintaining the dividend rate. There can be no assurances that the current dividend rate will not change in the future.

5. DIVIDENDS AND DISTRIBUTIONS

In establishing the dividend rate for a particular period, the Company will take into consideration, amongst other things, the need to meet future requirements for increases in working capital and equity to meet contract security requirements, provide the financial capacity to withstand any downturn in the construction industry should it occur, expanding the business and the desirability of maintaining a stable or increasing dividend rate.

On March 7, 2012, the Board of Directors approved an increase in the annual dividend rate of 9.0%, resulting in an annualized dividend rate of $0.72 per common share or $0.06 per common share per month. For the year ended December 31, 2012, the total amount of dividends declared by the Company was $0.71 per share (2011 - $0.66 per share). The payment of dividends on common shares will be made monthly to shareholders of record on the last business day of the month, with the actual payment of the dividend made on or about the 20th of the following month.

In 2013, the Company has declared dividends for the months of January and February in the amount of $0.06 per share and for March and April in the amount of $0.0633 per share.

Shareholders who are non-residents of Canada are required to pay all withholding taxes payable in respect of any dividends by the Company.

Cash dividends on Company shares for the fiscal year ended December 31, 2012 were as follows:

Period	Record Date	Payment Date	Dividends Per Share $	Amount (000's)$
January 2012	January 31, 2012	February 20, 2012	0.055	2,318
February 2012	February 29, 2012	March 20, 2012	0.055	2,318
March 2012	March 30, 2012	April 20, 2012	0.060	2,529
April 2012	April 30, 2012	May 18, 2012	0.060	2,529
May 2012	May 31, 2012	June 20, 2012	0.060	2,529
June 2012	June 29, 2012	July 20, 2012	0.060	2,529
July 2012	July 31, 2012	August 20, 2012	0.060	2,529
August 2012	August 31, 2012	September 20, 2012	0.060	2,529
September 2012	September 28, 2012	October 19, 2012	0.060	2,529
October 2012	October 31, 2012	November 20, 2012	0.060	2,529
November 2012	November 30, 2012	December 20, 2012	0.060	2,529
December 2012	December 31, 2012	January 18, 2013	0.060	2,529
		Totals	$ 0.710	$ 29,929

The three-year history of annual dividends per share of the Company reflecting the April 2011 three-for-one stock split is as follows;

2012	2011	2010
$0.71	$0.66	$0.60

6. DESCRIPTION OF CAPITAL AND DEBT STRUCTURE

6.1 Share Capital

The Company is authorized to issue an unlimited number of common shares. Each common share is entitled to receive notice of and to attend all meetings of shareholders of the Company. Each common share is entitled to one vote at shareholder meetings. The holders of common shares are entitled to receive dividends when declared by the Board of Directors of the Company in such amount and in such form as the Board of Directors may determine from time-to-time. All dividends declared shall be paid in equal amounts per share on all common shares outstanding. In the event of dissolution, liquidation or winding up of the Company, common shareholders shall be entitled to receive the remaining assets of the Company after the prior rights of the holders of any preference shares and any other shares ranking senior to the common shares have been settled.

As of December 31, 2012, the Company had 42,153,846 issued and outstanding common shares. Subsequently, on January 17, 2013, in conjunction with the acquisition of Nason, the Company issued 363,007 common shares from treasury as partial consideration of the total purchase price. Therefore, the total number of outstanding common shares has increased to 42,516,853 which remain issued and outstanding at March 12, 2013.

The Company is authorized to issue such number of preference shares, issuable in one or more series, provided that the number of issued preference shares shall not exceed 35% of the number of issued and outstanding common shares at the time such preference shares are issued. The Board of Directors shall determine the number of series issued and the number of preference shares issued within a series. The Board of Directors shall determine the designation, rights, privileges, restrictions and conditions to be attached to each series of preference shares, including but not limited to, dividend rates, whether dividends are cumulative or non-cumulative, the currency of payment, the date and place of payment, and any redemption, retraction or exchange conditions. As of March 12, 2013, no preference shares were issued and outstanding.

In 2011, the Company introduced a new Stock Option Plan. The purpose of the Stock Option Plan is to provide eligible officers and employees of the Company and its subsidiaries with a share-related mechanism designed to develop and increase the interest in the growth and development of the Company by granting stock options from time-to-time to eligible persons and providing them the opportunity to acquire a proprietary interest in the Company through the purchase of common shares. The number of common shares issuable under the Stock Option Plan shall not exceed 10% of the number of common shares outstanding. A full description of the details of the Stock Option Plan is included in the Company's 2010 Management Information Circular which can be found on Sedar. On March 15, 2012, the Company issued 625,000 stock options to employees of the company, which remain outstanding as of March 12, 2013.

6.2 Indebtedness

On August 31, 2011, in conjunction with the acquisition of O'Connell, the Company secured total long-term debt financing of $45.6 million used to finance in part the acquisition of O'Connell. The long-term debt secured was comprised of five-year debt of $30.6 million secured by O'Connell equipment and a vendor take-back note of $15.0 million due over four years; none of these debt instruments are convertible into common shares or preferred shares. On June 15, 2012, the Company issued $11.3 million of debt to partially fund the purchase of heavy equipment, which is repayable over four years. At December 31, 2012, the total outstanding debt was $48.2 million.

7. MARKET SECURITIES OF THE ISSUER

The common shares of the Company are listed on the Toronto Stock Exchange (symbol "BDT.TO").

The following table outlines the trading price range and volumes of Company shares during 2012:

Toronto Stock Exchange			
	Price Range		
Month	High $	Low $	Trading Volume
Shares			
January 2012	13.24	11.94	1,323,897
February 2012	13.08	12.58	1,374,130
March 2012	15.00	13.00	1,598,463
April 2012	14.90	14.41	995,920
May 2012	15.48	14.05	1,506,488
June 2012	14.39	13.00	1,570,919
July 2012	14.94	13.73	855,141
August 2012	14.20	12.77	1,149,372
September 2012	14.50	12.59	1,277,620
October 2012	14.75	14.00	556,413
November 2012	14.75	13.05	738,927
December 2012	14.00	12.97	1,847,775

8. DIRECTORS AND OFFICERS

8.1 Directors and Executive Officers

The names, municipalities of residence and principal occupations of the Directors of Bird are set out below. Each Director will hold office until the next Annual General Meeting of shareholders set for May 13, 2013 or until a successor is elected or appointed.

Name of Municipality of Residence	Position [2]	Principal Occupation	Director Since [1]
J.R. Bird Calgary, Alberta	Director [3][4]	Executive Vice President, Chief Financial Officer and Corporate Development, Enbridge Inc., an energy transportation company	1987
I.J. Boyd Saint John, New Brunswick	Senior Vice President of Bird Construction Inc.	Senior Vice President of Bird Construction Inc.	N/A
J.J. Brennan Hammonds Plains, Nova Scotia	Senior Vice President of Bird Construction Inc.	Senior Vice President of Bird Construction Inc.	N/A
P.A. Charette Oakville, Ontario	Director, Chair of the Board [3][4]	Chair of the Board	1991
D.G. Doyle Winnipeg, Manitoba	Director, Audit Committee Chair [3][4]	Corporate Director	2003
B.D. DuPont Calgary, Alberta	Director, Human Resources, Safety & Governanance Committee Chair [3][4]	Corporate Director	2011
S.R. Entwistle Kitchener, Ontario	Chief Financial Officer and Assistant Secretary of Bird Construction Inc.	Chief Financial Officer and Assistant Secretary of Bird Construction Inc.	N/A
K.W. McClure Loretto, Ontario	Senior Vice President of Bird Construction Inc.	Senior Vice President of Bird Construction Inc.	N/A
R.D. Munkley Mississauga, Ontario	Director [3][4]	Corporate Director	2011
K.J. Nakagawa Delta, British Columbia	Vice President Pacific & Vancouver District Manager of Bird Construction Inc.	Vice President Pacific & Vancouver District Manager of Bird Construction Inc.	N/A
P.R. Raboud Toronto, Ontario	Director, Vice Chair of Bird Construction Inc.	Vice Chair of Bird Construction Inc.	2008
G.G. Royer Edmonton, Alberta	Senior Vice President of Bird Construction Inc.	Senior Vice President of Bird Construction Inc.	N/A
T.J. Talbott Woodbridge, Ontario	Director, President & Chief Executive Officer of Bird Construction Inc.	President & Chief Executive Officer of Bird Construction Inc.	2010
A.C. Thorsteinson Winnipeg, Manitoba	Director [3][4]	President, Shelter Canadian Properties Limited, a real estate development and management company	1991
J.C. Trumbla Oakville, Ontario	Vice President, Finance of Bird Construction Inc.	Vice President, Finance of Bird Construction Inc.	N/A

Notes:

(1) Includes period of time served as a Trustee of Bird Construction Income Fund and as a Director of Bird Construction Company Limited, the predecessors to the Company.

(2) Information set forth in this Item 8 relating to the Directors and officers of the Company is current as of the date hereof.

(3) Member of the Audit Committee (Chair - D.G. Doyle).

(4) Member of the Human Resources, Safety and Governance Committee (Chair – B.D. DuPont).

The following are brief biographies of the Directors and executive officers.

J. Richard Bird is Executive Vice President, Chief Financial Officer and Corporate Development of Enbridge Inc. where he is responsible for all financial affairs of the Company, and corporate planning, mergers and acquisitions, and corporate development. Prior to his current appointment at Enbridge, Mr. Bird served as Vice President and Treasurer, followed by Senior Vice President, Corporate Planning and Development, followed by Group Vice President, Transportation, followed by Group Vice President, Transportation North, followed by Executive Vice President, Liquids Pipelines. Mr. Bird joined Enbridge in 1995 after holding senior financial and corporate development executive positions at a number of other public companies. Mr. Bird is also on the Board of Directors or Trustees of the following public companies: Enbridge Pipelines Inc., Enbridge Gas Distribution Inc., Enbridge Income Fund, Enbridge Income Fund Holdings Inc., Enbridge Energy Partners L.P. and Gaz Metro Inc. Mr. Bird was named Canada's CFO of the Year for 2010. Mr. Bird holds a Bachelor of Arts degree from the University of Manitoba, and a Masters of Business Administration and Ph.D. from the University of Toronto.

Ian J. Boyd is a Senior Vice President of Bird Construction Inc. He graduated with a Bachelor of Science in Civil Engineering from the University of New Brunswick in 1996. He transitioned as one of the senior officers to Bird with the acquisition of Rideau Construction Inc. in 2008 and continued as Branch Manager of the Halifax Branch. In July 2008, he accepted the assignment as Project Director managing the Bird Graham Schools Joint Venture in Alberta. Mr. Boyd was appointed Vice President, Atlantic in August 2010 and relocated to Saint John, New Brunswick where he is based. In January 2012, Mr. Boyd was appointed to the position of Senior Vice President.

James J. Brennan is a Senior Vice President of Bird Construction Inc. He obtained a Bachelor of Science in Civil Engineering from the University of New Brunswick in 1989. Prior to joining Bird in February 2008, he was the President and founding partner of Rideau Construction Incorporated. Rideau Construction was a general contractor operating in Atlantic Canada in the commercial, industrial, institutional, and multi-tenant residential sectors. Rideau Construction was formed in 1993. Bird purchased all the outstanding shares of Rideau Construction in February 2008. During the period from 1989 to 1993, he worked for two local construction companies as a superintendent, project manager, and branch manager. From 1993 to 2003, he was the Vice President, Operations Manager, and co-owner of Rideau Construction. From 2003 to 2008, he was the President and majority owner of Rideau Construction.

Paul A. Charette is the Chair of the Board of Directors. He joined Bird in 1976 as a Project Coordinator and progressed to President and Chief Operating Officer in 1988 and to President and Chief Executive Officer in 1991. Mr. Charette was appointed as Chair of the Board in 2001. In September 2008, Mr. Charette retired from his position as Chief Executive Officer of Bird Construction Company Limited. He is a director of the Association of Canadian Community Colleges and a director of Sheridan College Institute of Technology and Advanced Learning. He is the past Chair of the Canadian Construction Association ("CCA"). In 2004, Mr. Charette was named the Ontario Entrepreneur of the year in Real Estate/Construction by Ernst & Young LLP. In 2010, Mr. Charette was chosen as CCA's Person of the Year. Mr. Charette has a diploma in Civil Technology from Red River College in Winnipeg, Manitoba.

D. Greg Doyle is a former partner of KPMG LLP. He joined KPMG LLP (formerly Peat Marwick) in 1974, was elected as a Partner in 1982 and Managing Partner of the Winnipeg office in 1985. In 1997, Mr. Doyle transferred to Warsaw, Poland and served as Senior Partner at KPMG Polska until he retired in 2003. During his time in Poland, Mr. Doyle also served as the member of the Board of KPMG Europe and the management committee of KPMG Central and Eastern Europe. He is also a director of Huntingdon Capital Corp., and Chair of their audit committee. Mr. Doyle holds a Bachelor of Science and Bachelor of Commerce from the University of Manitoba and is a Chartered Accountant (Manitoba Institute).

Bonnie D. DuPont was appointed as a Director in January 2011. Ms. DuPont is retired from Enbridge Inc. where she served for 12 years as the senior executive responsible for information technology, human resources, public and government affairs, corporate governance matters, and corporate social responsibility (CSR). She holds a Bachelor's degree (Great Distinction) from the University of Regina and earned her Master's degree at the University of Calgary. She is a member of the Institute of Corporate Directors, and a 2006 graduate of the ICD Corporate Directors' Education Program. She is also a Certified Human Resources Professional (CHRP) and is a member of the International Women's

Forum (IWF). Ms. DuPont was named to the Top 100 Most Powerful Women in Canada list each year from 2001 to 2006, and in 2007, was inducted into the Top 100 Hall of Fame. In 2008, she was presented with an Honorary Doctor of Laws from the University of Regina, and in 2011, was presented with an Honorary Bachelors Degree in Technology by the Southern Alberta Institute of Technology. Ms. DuPont also serves on the board of SilverWillow, a TSX-V listed company, where she chairs the Governance and Compensation Committee, and the University of Calgary, where she is currently the Chair of the Board of Governors. Ms. DuPont lectures in the Directors' Education Program and provides executive coaching services to several large Canadian organizations. She also serves on the Joint Public Advisory Council to the Commission on Environmental Cooperation, formed under NAFTA. She was also recently appointed to the board of NavCanada.

Stephen R. Entwistle is the Chief Financial Officer and Assistant Secretary of Bird Construction Inc. Prior to joining Bird in March 2008, Mr. Entwistle previously held senior financial positions in a wide variety of business, including a natural gas distribution utility, oil and gas exploration and development operations, nursing and retirement home operations, heating ventilating and air conditioning and natural gas commodity brokerage operations. Mr. Entwistle joined Enbridge Gas Distribution Inc. in 1981, serving in progressively senior positions including audit, general accounting, financial reporting, human resources and international consulting. In 2000, Mr. Entwistle was appointed to the position of Vice-President, Finance of Enbridge's Home Services operation, and more recently was the Chief Financial Officer of The Consumers' Waterheater Income Fund, an income trust listed on the TSX. Mr. Entwistle received a Bachelor of Commerce from the University of Toronto and is a Chartered Professional Accountant and a Chartered Accountant.

Kenneth W. McClure is Senior Vice President of Bird Construction Inc. Prior to joining Bird in March 2007, he was employed as President and Chief Operating Officer of Buttcon Limited from April 2004 to February 2007. Buttcon is a general contracting company located in Ontario. From August 1994 to April 2004, Mr. McClure was employed as the Managing Director of Somers Construction Limited. Somers, an affiliate of Buttcon, is a general contracting company located in Bermuda. Mr. McClure started his career with Buttcon Limited in 1980 as a superintendent and project manager. During a period from 1989 to 1991, he left Buttcon while he owned and operated KDL Construction, as a general contractor located in Ontario.

Ronald D. Munkley was appointed as a Director in October 2011. He retired in 2009 as Vice Chair and Head of the Power and Utility Business of CIBC World Markets where he had acted as advisor on most Canadian utility and independent power transactions since joining CIBC World Markets in 1998. Mr. Munkley was named as a top Global Investment Banker by Brendan Wood International in 2008/9. Prior to 1998, Mr. Munkley was employed at Enbridge Consumers Gas for 27 years, culminating as Chair, President and Chief Executive Officer. He led Consumers Gas through deregulation and restructuring in the 1990s. Mr. Munkley is also a Director of Fortis Inc. and he is the Lead Director at Greystone Capital Management Inc. He holds a B.Sc. Hons. (Eng.) from Queens University and PDO certification from the Canadian Securities Institute.

Kenneth J. Nakagawa is the Vancouver District Manager and Vice President Pacific of Bird Construction Inc. Mr. Nakagawa joined Bird in 1993 as an estimator and progressed to the position of Chief Estimator in 1996. In 2000, he assumed the position of Vancouver Branch Manager and in January 2009, Mr. Nakagawa was appointed to the position of Vice President Pacific.

Paul R. Raboud is the Vice Chair of Bird Construction Inc. Mr. Raboud was appointed as a Director in September 2008. He obtained a Bachelor of Science in Civil Engineering from the University of Alberta where he was awarded the gold medal in civil engineering. He earned a Masters of Science in Civil Engineering from the University of Washington and an MBA from the University of Alberta. He is a registered Professional Engineer with the Association of Professional Engineers of Ontario. Mr. Raboud joined Bird in 1984 in the Toronto office. He progressed through Bird as a field engineer, estimator, project manager and assistant branch manager. In 1990, he was appointed manager of the Vancouver Branch, and in 2000, returned to the corporate office in Toronto as Executive Vice President. He was appointed President and Chief Operating Officer in March 2006 and appointed Chief Executive Officer in September 2008. In June 2010, Mr. Raboud stepped down from his position as Chief Executive Officer into the role of Vice Chair of the Company. Mr. Raboud is a director of the Ontario General Contractors Association and Stephenson's Holdings Inc.

Gilles G. Royer is a Senior Vice President of Bird Construction Inc., based in our Edmonton office. He joined Bird as a project coordinator through the Company's Civil Engineering Co-op Program in the Edmonton Branch in 1991. After graduating with a Bachelor of Science in Civil Engineering from the University of Alberta, Mr. Royer accepted employment at Bird on a full-time basis as project coordinator. He assumed progressively more responsible roles within the Company on various industrial projects and in early-2008, was promoted to Assistant Branch Manager. In 2009, he was appointed to the position of Edmonton Branch Manager; in January 2011 he was appointed as Vice President and Edmonton Branch Manager and effective January 1, 2012 he was appointed Senior Vice President.

Tim J. Talbott is the President and Chief Executive Officer of Bird Construction Inc. Mr. Talbott was appointed as a Director in May 2010. He obtained a Bachelor of Science in Civil Engineering at the University of Alberta in 1981. He joined Bird in 1982 and has progressed through the positions of project coordinator, project manager, production manager, assistant branch manager, branch manager and vice president to the position he currently holds. He is a registered Professional Engineer with the Association of Professional Engineers of Manitoba. Mr. Talbott is past Vice Chair of the Construction Labour Relations Association of Manitoba and a past director of the Winnipeg Construction Association. He is also a member of the Canadian Society of Civil Engineers.

Arni C. Thorsteinson has been the President of Shelter Canadian Properties Limited, a diversified real estate development and management company, since 1990. He joined a predecessor company in 1976. He is also a director or trustee of Lanesborough Real Estate Investment Trust, Temple Hotels Inc. and Onex Corporation. Mr. Thorsteinson holds a Bachelor of Commerce (Honours) and Doctor of Laws, *honoris causa,* from the University of Manitoba and a Chartered Financial Analyst designation.

Jason C. Trumbla is the Vice President, Finance of Bird Construction Inc. He obtained a Bachelor of Commerce and a Masters of Accountancy at the University of Manitoba. He is a member of the Institute of Chartered Accountants of Ontario. Mr. Trumbla joined Bird in July 2006 as Controller in the Winnipeg office and was appointed to his current position January 1, 2008. Prior to joining Bird, he was employed as the Controller of related companies of Paterson Global Foods, a grain handling company in western Canada, from January 2004 to July 2006. From 2001 to 2003, Mr. Trumbla was employed as the Controller of Amphenol Technical Products which is a subsidiary of Amphenol Corporation, a publicly-traded electronic connector and cable assembly manufacturer listed on the New York Stock Exchange. From 1997 to 2000, Mr. Trumbla was employed as Controller of Monarch Industries, a privately-owned company, which is a vertically-integrated manufacturer of water pumps, hydraulic cylinders, concrete mixers and custom metal castings.

8.2 Collective Shareholdings

As a group, the Directors and executive officers of the Company beneficially own, directly or indirectly, a total of 2,486,750 common shares, representing approximately 5.85% of the issued common shares and hold 295,000 stock options as at March 12, 2013.

8.3 Corporate Cease Trade Orders and Bankruptcies

None of the Directors or executive officers of the Company or, to the Company's knowledge, shareholders holding sufficient common shares to materially affect the control of the Company is, or within the previous 10 years, has been a trustee, director, chief executive officer or chief financial officer of any other issuer that, while acting in such capacity; (i) was subject to a cease trade or similar order or order that denied the issuer access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or (ii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had receiver, receiver manager or trustee appointed to hold the assets of such issuer except for the following:

Mr. Thorsteinson is now and has in the past 10 years been a Chief Executive Officer of certain non-publicly traded limited partnerships and other entities that were the subject of cease trade orders issued by securities regulatory authorities in certain provinces of Canada, including Alberta, British Columbia, Ontario and Quebec, resulting generally from a failure to file financial statements or a failure to comply with disclosure obligations. Certain entities against which these orders were issued are now no longer active or, in other cases, Mr. Thorsteinson's involvement with such entities has ceased. In other cases, certain of these entities have now been able to obtain discretionary relief from filing requirements; however, this relief does not apply to prior transgressions and therefore in some cases these orders remain in force. To obtain information regarding cease trade orders issued by a particular securities regulatory authority, investors should contact the securities regulatory authorities that issued the orders.

8.4 Penalties or Sanctions

None of the Directors or officers of the Company, or to the Company's knowledge, shareholders holding sufficient common shares to materially affect the control of the Company, has been subject to; (i) any penalties or sanctions proposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

8.5 Conflicts of Interest

To the Company's knowledge, there are no existing or potential material conflicts of interest between the Company or a subsidiary of the Company and the Board of Directors and officers of the Company or any other subsidiary of the Company. (See "Interest of Management and Others in Material Transactions")

8.6 Board Committees

The Company currently has an Audit Committee and Human Resources, Safety and Governance ("HRS&G") Committee. The Company does not currently have any other board committees in place.

Committee membership is shown in the following table:

	Audit Committee	Human Resources, Safety & Governance Committee
J. Richard Bird	X	X
Paul A. Charette	X	X
D. Greg Doyle	X (1)	X
Bonnie D. DuPont	X	X (1)
Ronald D. Munkley	X	X
Arni C. Thorsteinson	X	X

(1) Committee Chair

9. AUDIT COMMITTEE INFORMATION

9.1 Audit Committee

The Audit Committee of the Company is currently comprised of six members, being J.R. Bird, P.A. Charette, D.G. Doyle, B.D. DuPont, R.D. Munkley and A.C. Thorsteinson. Mr. Doyle is Chair of the Audit Committee. All the members are independent and financially literate. The following profiles outline the relevant education and experience of each member. Also see brief profiles of each member in Section 8 – Directors and Officers.

J. Richard Bird has been on the Board of the Fund or the Company since December 1987 and has been a member of the Audit Committee since that time. Mr. Bird was the Chair of the Audit Committee from March 24, 1988 until March 7, 2006. He has served as a trustee, director, senior officer, and audit committee member of several issuers listed in Canada and the U.S., and has had responsibility for the oversight of preparation of financial statements, disclosure controls, internal financial controls and certification of financial statements to the U.S. Sarbanes-Oxley 404 Standards.

Paul A. Charette is Chair of the Board of Directors. On October 7, 2011, Mr. Charette was appointed a member of the Audit Committee. Prior to September 2, 2011, Mr. Charette held non- independent director status as he had been the Chief Executive Officer of the Company until his retirement on September 2, 2008. With his 32 years of experience at the Company in a variety of senior management positions, including Chief Executive Officer, he has comprehensive understanding of accounting principles and financial analysis.

D. Greg Doyle has been on the Board of the Fund or the Company since May 2003, and has been a member of the Audit Committee since that time. Following the Audit Committee meeting on March 7, 2006, Mr. Doyle was appointed Chair of the committee. As former Managing Partner of KPMG LLP's Winnipeg office and as former Senior Partner at KPMG Polska, Mr. Doyle has a breadth of experience relating to the application of accounting principles, financial statement disclosure and understanding internal controls and procedures.

Bonnie D. DuPont has been on the Board of the Company since January 2011 and has been a member of the Audit Committee since that time. Having held a variety of positions at a senior management level during her working career, as well as being a graduate of the ICD Corporate Directors' Education Program, Ms. DuPont has a thorough understanding of accounting principles and financial analysis.

Ronald D. Munkley has been on the Board of the Company since October 2011 and has been a member of the Audit Committee since that time. Mr. Munkley retired in April 2009 as Vice Chairman and Head of the Power and Utility Business of CIBC World Markets. He had acted as an advisor on most Canadian utility transactions since joining CIBC World Markets in 1998. Prior to that, he was employed at Enbridge Consumers Gas for 27 years, culminating as Chairman, President and CEO. He led Enbridge Consumers Gas through deregulation and restructuring in the 1990s.

Arni C. Thorsteinson has been on the Board of the Fund or the Company since May 1991 and has been a member of the Audit Committee for most of that time. Mr. Thorsteinson is President of Shelter Canadian Properties Limited, a diversified real estate development and management company. He is also a director or trustee of Lanesborough Real Estate Investment Trust, Temple Hotels Inc. and Onex Corporation. Mr. Thorsteinson holds a Bachelor of Commerce (Honours) with a major in Accounting & Finance and a Doctor of Laws, *honoris causa*, from the University of Manitoba and is a Chartered Financial Analyst.

9.2 Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services provided by the Company's external auditors. These procedures are contained in the Audit Committee Charter (included as Appendix B), which requires that the committee pre-approve, in accordance with applicable law, any non-audit services to be provided to the Company by the external auditor, with reference to compatibility of the service relative to the external auditor's independence.

9.3 External Auditor Service Fees (By Category)

Fees paid or payable to the external auditor for the last two fiscal years are summarized in the following table:

	2012	2011
Annual Audit Fees	$ 337,000	$ 260,000
Audit Related Fees	$ 5,000	$ 39,500
Tax Fees	$ 148,000	$ 21,282
All Other Fees	$ -	$ 100,000
	$ 490,000	$ 420,782

Annual Audit Fees in 2012 include the increase in audit fees relating to an increase in the size of the company and an expansion in the scope of operations.

Audit Related Fees in 2011 relate primarily to the filing of a Business Acquisition Report relating to the purchase of O'Connell and IFRS advisory services.

In 2012, Tax Fees include the preparation of US income tax returns and the tax due diligence assistance with respect to the Nason acquisition; while in 2011, the fees include advice on various tax planning matters for the Company.

There were no other fees in 2012; while in 2011, fees relate to the acquisition of O'Connell.

9.4 Audit Committee Charter

See Appendix B for text of the Audit Committee Charter.

10. LEGAL PROCEEDINGS

In the normal course of business, the Company's wholly-owned operating entities engage in business activities that may expose it to potential legal proceedings. The Company and its operating entities are not currently party to legal proceedings that are considered material to the operations either individually or in the aggregate. Reasonable estimates for the cost of settlement of any known legal matters have been made by management and are included in the Company's consolidated financial statements for the year ended December 31, 2012.

11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During 2012, Bird was involved in several construction contracts with Shelter Canadian Properties Limited or companies affiliated with them. Shelter Canadian Properties Limited is controlled by the family of Mr. A.C. Thorsteinson, a Director of the Company. All contracts with Shelter Canadian Properties Limited or companies affiliated with them were completed on construction terms typical in the industry.

12. TRANSFER AGENTS AND REGISTRARS

Computershare Trust Company of Canada
Watermark Tower
Suite 600, 530 8th Avenue SW
Calgary, AB
T2P 3S8

13. MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, entered into by the Company or its subsidiaries during the most recently completed financial year ended December 31, 2012 or before the most recently completed financial year but that are still in effect:

(a) The Share Purchase Agreement between Bird Construction Company Limited and H.J. O'Connell Limited and other parties dated July 20, 2011 providing for the purchase by the Company of all the outstanding shares of O'Connell.

The above noted contract may be viewed on www.sedar.com.

14. INTERESTS OF EXPERTS

The consolidated financial statements of the Company as at and for the year ended December 31, 2012 have been examined by KPMG LLP, Chartered Accountants, as detailed in their independent auditors' report dated March 12, 2013. KPMG LLP have confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Manitoba.

15. ADDITIONAL INFORMATION

Additional information, including information as to the Directors' and Officers' remuneration and principal holders of securities of the Company, as applicable, is contained in the Company's Management Information Circular for the Annual General Meeting of shareholders to be held on May 13, 2013. Additional financial information is provided in the Company's financial statements and MD&A for the year ended December 31, 2012. A copy of these documents may be obtained upon request from Charmane L. Morrow, Corporate Secretary and Manager of Executive Administrative Services at 5700 Explorer Drive, Suite 400, Toronto, Ontario L4W 0C6. Such reports have also been filed with applicable securities regulatory authorities and are available, along with additional information relating to the Company, on SEDAR at www.sedar.com.

This Annual Information Form contains forward-looking statements, which involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include changes in government policy relating to the cyclical nature of the construction industry, changes in interest rates and general economic conditions, adverse weather, cost and availability of materials used to manufacture the Company's products, competitive developments affecting the building products industry, and the risk factors described from time-to-time in the reports and disclosure documents filed by the Company with Canadian Securities regulatory agencies and commissions. The list is not exhaustive of the factors that may impact the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, level of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change. The Company undertakes no obligation to update forward-looking statements contained in this document.

16. BOARD OF DIRECTORS MANDATE - APPENDIX A

The following is the text of the Corporate Governance Guidelines and Board of Directors Mandate:

The Board of Directors (the "Board") of Bird Construction Inc. (the "Company" or "Bird") is elected by the Company's Shareholders (the "Shareholders") and is responsible for the stewardship of the investments, affairs and business of the Company in accordance with obligations under the articles of incorporation, by-laws and applicable law.

Within its stewardship responsibility, the Board's role is to preserve and enhance the viability of the Company and to ensure that it is managed with a view to the best interests of the Company. The Board delegates the responsibility for the day-to-day conduct of business to management of the Company, through its Chief Executive Officer ("CEO"), within a policy and budget framework established by the Board. In executing their responsibilities, each of the members of the Board is entitled to rely in good faith on the advice, reports and opinions of management of the Company.

CORE RESPONSIBILITIES

Board of Directors

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

i. *Strategic Planning and Annual Business Plan*
The Board ensures that the Company adopts a strategic and annual planning process to guide its activities. The Board meets periodically to review the plans. In addition, at each regular meeting, the Board reviews the Company's overall business strategies, its business plan, as well as major strategic initiatives to evaluate whether the Company's proposed actions are generally in accordance with its objectives.

ii. *Identification of Principal Risks*
The Board, directly and through the Audit and the Human Resources, Safety and Governance Committees, reviews the principal risks of the Company's business and the appropriateness of the systems put in place to manage these risks.

iii. *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 the CEO. The Board is also responsible for providing an effective system of remuneration. These functions are performed with the benefit of advice from the Human Resources, Safety and Governance Committee.

iv. *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 Company's senior management.

v. *Financial Reporting and Internal Controls*
The Board, acting through the Audit Committee, oversees the financial reporting and disclosures of the Company. This includes;

   a. Approval of the quarterly earnings press releases and related disclosure documents;

   b. Monitoring the implementation of appropriate internal control systems to ensure the accuracy and timeliness of the information;

c. Monitoring and administration of the Whistleblower Policy, which provides for an anonymous method of delivering complaints with respect to accounting, internal control and auditing matters.

vi. Financial Planning and Investments

a. Business Plan
Review and approve the Company's Annual Business Plan, including the annual Operating and Capital Budgets. Review periodic financial forecasts.

b. Investment Opportunities
Review and assess investment opportunities of a value exceeding management's authority, in accordance with procedures established by the Board from time-to-time.

c. Guidelines and Policies
Review and approve guidelines and policies for the investing of cash in money market products and marketable securities and review reports from management on the results of such investments against established policies and benchmarks.

d. Additional Funds for Investment
Review and assess management's plans with respect to raising additional funds, whether through debt or capital, in accordance with procedures established by the Board from time-to-time.

BOARD COMPOSITION

Board Composition

The composition of the Board should balance the following goals:

i. The size of the Board should facilitate substantive discussions of the whole Board in which each Director ("Director") can participate meaningfully;

ii. The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the affairs and business of the Company; and

iii. Membership on the Board shall include an appropriate number of members whom the Board has determined have no material relationship with the Company or the Company's 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 Human Resources, Safety and Governance Committee is responsible for recommending to the Board, from time-to-time, a list of potential Directors meeting the Company's general criteria for Board membership, as well as suitable nominees to fill specific vacancies occurring between annual meetings of Shareholders. The processes used by the committee as well as the basis for its recommendations are outlined in the terms of reference for the Human Resources, Safety and Governance Committee. The Board is responsible for selecting nominees for election to membership on the Board for presentation at the annual meeting of Shareholders.

Orientation and Continuing Education

The Human Resources, Safety and Governance Committee is responsible for the continuing education of Directors as outlined in the committee's terms of reference.

BOARD COMMITTEES

Committees

The standing committees of the Board are the Audit Committee and the Human Resources, Safety and Governance Committee. Each of these committees has written terms of reference (acting as a form of committee 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 the committee or to request that an item from a committee agenda be considered by the Board. Each committee Chair will give periodic reports of the committee's activities to the Board.

Assignment of Committee Members

The Board is responsible for recommending the assignment of Board members to its 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 special meetings to consider particular issues. Special meetings may be called from time-to-time as determined by the needs of the Company.

Selection of Agenda Items for Board Meetings

The Chair 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 affairs and business of the Company are distributed in writing to the Board before each meeting. Management of the Company 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 of the Company, in addition to the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), to attend Board meetings and to make presentations and provide additional insight into the various issues brought before the Board.

In Camera Meetings

To encourage free and open discussion and communication among the independent members of the Board, the Directors meet during, or at the end of each regularly scheduled Board meeting or as required at each special Board meeting, without non-independent Directors and 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 or videoconference to mitigate schedule conflicts.

Participation in Meetings

Each Director should be sufficiently familiar with the affairs and business of the Company, including its financial statements and capital structure, and the risks it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she 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.

Ethical Business Conduct

The Company has adopted a written code of ethics. All Directors are made aware that they are expected to exhibit high standards of personal integrity, honesty and ethical business conduct, disclose any potential conflict of interest and abide by the Company's trading blackout period policies.

Other Directorships

The Company 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 Human Resources, Safety and Governance Committee before accepting any new membership on other Boards of directors or trustees 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 affairs or business of the Company. 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 of the Company 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 Human Resources, Safety and Governance Committee, conducts a review on a regular basis of the components and amount of Board compensation in relation to other similar companies.

CHAIR OF THE BOARD

General Functions

The Chair of the Board (the "Chair") shall provide leadership to the Board with respect to its functions as described in these guidelines and as otherwise may be appropriate. The Chair shall act as chair of meetings of the Board and, for such purpose, shall determine the agenda for each meeting of the Board in consultation with the Corporate Secretary.

The Chair shall oversee the preparation for and management of, and he or she shall preside over, meetings of the Shareholders of the Company.

Additional Responsibilities

The duties and responsibilities for the position of Chair shall also include the following:

i. Establishing procedures to govern the Board's work including the location and time of meetings of the Board and the procedures to be followed with respect to meetings of the Board, including determining who may be present at such meetings in addition to the Directors and the Corporate Secretary;

ii. Ensuring the Board has adequate resources, especially by way of full, timely and relevant information to support its decision-making requirements;

iii. Working with the Chairs of the Board committees to coordinate the schedule of meetings for such committees;

iv. Ensuring that delegated committee functions are carried out and reported to the Board;

v. Attending, as required, all meetings of Board committees;

vi. Meeting periodically with the Corporate Secretary to review governance issues including the level of communication between management and the Board; and

vii. Carrying out such other duties as may be reasonably requested by the Board as a whole, depending on its evolving needs and circumstances.

Appointment

The Chair shall be appointed by the Board after consideration of the recommendation of the Human Resources, Safety and Governance Committee. He or she shall hold office until the first meeting of the Directors following the Annual Meeting of Shareholders.

Resources

The Chair shall have sufficient resources to discharge the responsibilities of the Chair. The Chair shall be empowered to engage outside advisors, as may be appropriate from time-to-time, to provide advice with respect to his or her or the Board's duties and responsibilities and to approve the fees and retention terms for such outside advisors.

Lead Director

The Lead Director will assume the role of Chair of the Board in the absence of the Chair or when the Chair has a conflict of interest.

17. AUDIT COMMITTEE CHARTER - APPENDIX B

The following is the text of the Audit Committee Charter:

1. PURPOSE

The Board of Directors of the Company (the "Board") has established an Audit Committee (the "Committee") to take steps on its behalf as are necessary to assist the Board in fulfilling their oversight responsibilities regarding:

(a) the integrity of the financial statements;

(b) the internal control systems of the Company;

(c) the external audit process;

(d) the internal audit process, if any;

(e) risk management;

(f) the Company's compliance with legal and regulatory requirements; and

(g) any additional duties set out in this charter or otherwise delegated to the Committee by the Board.

2. COMPOSITION & QUALIFICATIONS

The Board of Directors will in each year, immediately following the Annual General Meeting appoint a minimum of four (4) Directors as members of its Committee. All members of the Committee shall be non-management Directors. In addition, the Committee will be comprised of independent Directors, as required by all applicable corporate, exchange and securities statutes, laws and regulations in Canada.

All members of the Committee shall be financially literate. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include 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 and as defined in Part 1, item 1.5 of Multilateral Instrument 52-110.

The Chief Executive Officer ("CEO") of the Company, the Chief Financial Officer ("CFO") of the Company, the external auditor and Directors who are not otherwise members of the Committee may be invited to attend all meetings of the Committee in an ex-officio capacity and shall not vote. The CEO and CFO shall not attend in-camera sessions.

3. DUTIES & RESPONSIBILITIES

The Committee shall have the following duties, where applicable:

3.1 FINANCIAL REPORTING AND DISCLOSURE

3.1.1 Annual Financial Statements

Review with management of the Company and the external auditor, the audited annual consolidated financial statements of the Company, all related documents including Management's Discussion & Analysis ("MD&A"), Annual Information Form ("AIF"), Management Information Circular ("MIC"), and complete Annual Report and recommend the approval of such documents to the Board.

3.1.2 Quarterly Review

Review the quarterly consolidated financial statements of the Company and the related MD&A and recommend the approval of such documents to the Board and also determine the extent of the involvement of the external auditor, if any, in reviewing quarterly financial statements.

3.1.3 Certifications

Review certification by the CEO and CFO as to the accuracy and completeness of the Company's reports and filings with the securities regulators and the TSX.

3.1.4 Significant Accounting Principles and Disclosure Issues

Review with management of the Company and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or cost to complete estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their impact on the consolidated financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the Company's financial position and the results of its operations in accordance with Canadian GAAP.

3.1.5 Compliance

Confirm through discussions with management of the Company that Canadian GAAP and all applicable laws or regulations related to financial reporting, statutory obligations and disclosure have been complied with.

3.1.6 Legal Events

Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Company's consolidated financial statements, and the manner in which these have been reflected in the consolidated financial statements.

3.1.7 Off-Balance-Sheet Transactions

Discuss with management of the Company, the effect of off-balance-sheet transactions, arrangements, obligations and other relationships with non-consolidated entities or other persons, if any, that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, distributable cash disclosures or significant components or revenues and expenses.

3.1.8 Other Disclosures

Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information, other than the public disclosure of the information referred to above, and periodically assess the adequacy of those procedures.

3.2 OVERSIGHT OF INTERNAL CONTROLS

3.2.1 Review and Assessment

Review and assess the adequacy and effectiveness of the Company's system of internal control and management information systems through discussions with management and the external auditor and include a review of any management letter prepared by the external auditor.

3.2.2 Oversight

Oversee system of internal control, by:

- reviewing with management of the Company, documentation and conclusion about the effectiveness of internal controls identified in the Company's ongoing review of the design and reliability of internal controls over financial reporting, including disclosures in the MD&A;
- reviewing with management of the Company, its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response;
- monitoring and reviewing policies and procedures for internal accounting, financial control and management information;
- consulting with the external auditor regarding the adequacy of the Company's internal controls; and
- obtaining from management of the Company adequate assurances that all statutory payments and withholdings have been made.

3.2.3 Fraud

Confirm investigations of alleged fraud and illegality relating to the Company's finances.

3.2.4 Complaints

- Confirm with management of the Company that appropriate procedures exist for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.
- Reviewing any complaints received by the Audit Committee Chair pursuant to the Company's Whistleblower Policy.

3.3 EXTERNAL AUDIT

3.3.1 Appointment or Replacement

Recommend the appointment or replacement of the Company's external auditor to the Board, who will consider the recommendation prior to submitting the nomination to the shareholders for their approval.

3.3.2 Compensation

Review with management of the Company, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Company, and the extent of internal audit, if any, and other support provided by the Company to the external auditor.

3.3.3 Reporting Relationships

The external auditor will report directly to the Company's Audit Committee.

3.3.4 Performance

Review with management of the Company, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external auditor.

3.3.5 Transition

Review management's plans for an orderly transition to a new external auditor, if required.

3.3.6 Audit Plan

Review the audit plan and scope of the external audit with the external auditor and management of the Company.

3.3.7 Audit Plan Changes

Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.

3.3.8 Review of Results

Review, in the absence of management of the Company, the results of the annual external audit, the audit report thereon, the auditor's review of the related MD&A, AIF, MIC and any management letter prepared by the external auditor, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, major risk factors, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the auditor's preferred treatment, and any other material communications with management. The auditors shall confirm to the Committee that no limitations were placed on the scope or nature of their audit procedures.

3.3.9 Disagreements with Management

Resolve any disagreements between management of the Company and the external auditor regarding financial reporting.

3.3.10 Material Written Communications

Review all other material written communications between the external auditor and management of the Company, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.

3.3.11 Other Audit Matters

Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.

3.3.12 Meeting with External Auditor

Meet with the external auditor in the absence of management of the Company at least annually to discuss and review specific issues, as appropriate, as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.

3.3.13 Correspondence

Review with management of the Company and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Company's consolidated financial statements or accounting policies.

3.3.14 Independence

At least annually, and before the external auditor issues its report on the annual consolidated financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Company, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Company, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner.

3.3.15 Non-Audit/Audit Services

Pre-approve any non-audit services to be provided to the Company by the external auditor, with reference to compatibility of the service with the external auditor's independence.

3.3.16 Hiring Policies

Review and approve the hiring policies of the Company regarding partners, employees and former partners and employees of the present or former external auditor.

3.3.17 Personnel

Discuss with the external auditors, the competency of the Company's financial and accounting personnel.

3.3.18 Management's Comments

Review with management of the Company, the responsiveness of the auditors to the Company's needs.

3.4 INTERNAL AUDIT

3.4.1 Internal Audit

Review and approve management's decision relating to any potential need for internal auditing, including whether this function should be outsourced and if such function is outsourced, approve the supplier of such service.

3.5 RISK MANAGEMENT

3.5.1 Adequacy of Policies and Procedures

Review and assess annually, the adequacy of the Company's major financial risk management policies and procedures with regard to identification of the Company's major financial risks. Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board.

3.6 COMPLIANCE

3.6.1 Filings with Regulatory Authorities

Review with management of the Company, the Company's relationship with regulators, and the timeliness and accuracy of Company filings with regulatory authorities.

3.6.2 Code of Ethics

Review the Board's Code of Ethics and the Company's Employee Code of Ethics and confirm that adequate and effective systems are in place to enforce compliance.

3.7 COMMUNICATION

3.7.1 Communication Channels

Establish and maintain direct communication channels with management of the Company, the external auditor and the Board to discuss and review specific issues as appropriate.

3.7.2 Coordination with Management

The Committee will coordinate with management of the Company on audit and financial matters, and will:

- meet privately with management of the Company at least quarterly to discuss any areas of concern to the Committee or management; and
- review expenses incurred by the Chair of the Board and CEO of the Company. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.

3.8 RELATED PARTY TRANSACTIONS

3.8.1 Related Party Transactions

Review with management of the Company all related party transactions and the development of policies and procedures related to those transactions.

3.9 BOARD RELATIONSHIP AND REPORTING

3.9.1 Adequacy of Charter

Review and assess the adequacy of the Audit Committee Charter annually and submit such amendments as the Committee propose to the Board.

3.9.2 Disclosure

Oversee appropriate disclosure of the Audit Committee Charter, and other information required to be disclosed by applicable legislation, in the Company's AIF, MD&A and MIC and all other applicable disclosure documents.

3.9.3 Reporting

Report regularly to the Board on Committee activities, issues and related recommendations.

4. CHAIR

The Board will in each year appoint the Chair of its Committee. The Chair shall have accounting or related financial expertise. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

5. MEETINGS

The Committee shall meet at the request of its Chair, but in any event they will meet at least four times a year and as many additional times as the Committee deems necessary. Notices calling meetings shall be sent to all Committee members, to the CEO and CFO of the Company, to the Chair of the Board and to all other Directors. The external auditor or any member of the Committee may call a meeting of the Committee.

6. QUORUM

A majority of members of the Committee, whether present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

7. REMOVAL AND VACANCY

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a Director. The Board will fill vacancies on the Committee by appointment from amongst the Directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all the Committee's powers.

8. EXPERTS AND ADVISORS

The Committee may retain or appoint, at the Company's expense, such experts and advisors as it deems necessary to carry out its duties, and to set and pay their compensation. The Committee shall provide notice to the Board of its actions in this regard.

9. ORIENTATION

The Committee shall adopt an orientation program for new Committee members. All committee members are encouraged to attend educational programs to enhance their Audit Committee membership, as they feel appropriate, and the costs of each program will be paid by the Company.

10. SECRETARY AND MINUTES

The Chief Financial Officer of the Company, or such other person as may be appointed by the Chair of the Committee, will act as Secretary of the Committee. The minutes of the Committee will be in writing and duly entered into the books of the Company. The minutes of the Committee will be circulated to all members of the Board.

11. OTHER ADVISORS

Subject to the prior approval of the Board, the Committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Company. In that regard, the Committee will have the authority to approve the retention of external professionals to render advice and counsel in such matters. All employees will be directed to cooperate with respect thereto as requested by members of the Committee.

12. LIMITATION ON COMMITTEE'S DUTIES

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's consolidated financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of either management of the Company and/or the external auditor.

In discharging their duties, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the Committee as an "audit committee financial expert" is intended, or should be determined to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Company.