



BIRD CONSTRUCTION INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2017

Dated March 8, 2018

TABLE OF CONTENTS

1.	CORPORATE STRUCTURE	4
<u>1.1</u>	<u>NAME, ADDRESS AND INCORPORATION</u>	<u>4</u>
<u>1.2</u>	<u>INTER-CORPORATE RELATIONSHIPS</u>	<u>4</u>
2.	GENERAL DEVELOPMENT OF THE BUSINESS	5
<u>2.1</u>	<u>THE BUSINESS</u>	<u>5</u>
<u>2.2</u>	<u>SIGNIFICANT ACQUISITIONS AND RECENT EVENTS</u>	<u>7</u>
3.	DESCRIPTION OF THE BUSINESS	8
<u>3.1</u>	<u>THE BUSINESS</u>	<u>8</u>
<i>3.1.1</i>	<i>General Information</i>	<i>8</i>
<i>3.1.2</i>	<i>Business Strategy</i>	<i>8</i>
<i>3.1.3</i>	<i>Industry Sectors</i>	<i>10</i>
<i>3.1.4</i>	<i>Competitive Conditions</i>	<i>11</i>
<i>3.1.5</i>	<i>Cyclicalities</i>	<i>11</i>
<i>3.1.6</i>	<i>Seasonality</i>	<i>12</i>
<i>3.1.7</i>	<i>Variability in Quarterly Earnings</i>	<i>12</i>
<i>3.1.8</i>	<i>Environmental</i>	<i>12</i>
<i>3.1.9</i>	<i>Employees</i>	<i>12</i>
<i>3.1.10</i>	<i>Geographic Markets</i>	<i>12</i>
<i>3.1.11</i>	<i>Surety Support</i>	<i>12</i>
<i>3.1.12</i>	<i>Working Capital and Investments</i>	<i>12</i>
<i>3.1.13</i>	<i>Subcontractors and Suppliers</i>	<i>13</i>
<i>3.1.14</i>	<i>Specialized Skills and Knowledge</i>	<i>13</i>
<u>3.2</u>	<u>RISKS RELATING TO THE BUSINESS</u>	<u>13</u>
<i>3.2.1</i>	<i>Ability to Secure Work</i>	<i>13</i>
<i>3.2.2</i>	<i>Economy and Cyclicalities</i>	<i>14</i>
<i>3.2.3</i>	<i>Potential for Non-Payment</i>	<i>14</i>
<i>3.2.4</i>	<i>Ability to Hire and Retain Qualified and Capable Personnel</i>	<i>14</i>
<i>3.2.5</i>	<i>Completion and Performance Guarantees/Design-Build Risks</i>	<i>15</i>
<i>3.2.6</i>	<i>PPP Project Risk</i>	<i>15</i>
<i>3.2.7</i>	<i>Performance of Subcontractors</i>	<i>15</i>
<i>3.2.8</i>	<i>Competitive Factors</i>	<i>16</i>
<i>3.2.9</i>	<i>Estimating Costs and Schedules/Assessing Contract Risks</i>	<i>16</i>
<i>3.2.10</i>	<i>Design Risks</i>	<i>16</i>
<i>3.2.11</i>	<i>Access to Surety Support and Other Contract Security</i>	<i>16</i>
<i>3.2.12</i>	<i>Litigation/Potential Litigation</i>	<i>16</i>
<i>3.2.13</i>	<i>Quality Assurance and Quality Control</i>	<i>17</i>
<i>3.2.14</i>	<i>Maintaining Safe Work Sites</i>	<i>17</i>
<i>3.2.15</i>	<i>Accuracy of Cost to Complete Estimates</i>	<i>17</i>
<i>3.2.16</i>	<i>Work Stoppages, Strikes and Lockouts</i>	<i>17</i>
<i>3.2.17</i>	<i>Potential Fluctuations in Quarterly Financial Results</i>	<i>18</i>
<i>3.2.18</i>	<i>Compliance with Environmental Laws</i>	<i>18</i>
<i>3.2.19</i>	<i>Joint Venture Risk</i>	<i>18</i>
<i>3.2.20</i>	<i>Insurance Risk</i>	<i>19</i>
<i>3.2.21</i>	<i>Adjustments and Cancellations of Backlog</i>	<i>19</i>
<i>3.2.22</i>	<i>Acquisition and Integration Risk</i>	<i>19</i>
<i>3.2.23</i>	<i>Reputational Risk</i>	<i>19</i>
<i>3.2.24</i>	<i>PPP Equity Investments</i>	<i>19</i>
<i>3.2.25</i>	<i>Cyber-security Risk</i>	<i>20</i>
<u>3.3</u>	<u>RISKS RELATING TO THE SHARES</u>	<u>20</u>
<i>3.3.1</i>	<i>Unpredictability and Volatility of Trading Prices</i>	<i>20</i>
<i>3.3.2</i>	<i>Payment of Dividends</i>	<i>20</i>
4.	DIVIDENDS AND DISTRIBUTIONS	20
5.	DESCRIPTION OF CAPITAL AND DEBT STRUCTURE	21
<u>5.1</u>	<u>SHARE CAPITAL</u>	<u>21</u>
<u>5.2</u>	<u>INDEBTEDNESS</u>	<u>22</u>
6.	MARKET FOR SECURITIES OF THE ISSUER	22

7.	DIRECTORS AND OFFICERS	23
7.1	<u>DIRECTORS AND EXECUTIVE OFFICERS</u>	<u>23</u>
7.2	<u>COLLECTIVE SHAREHOLDINGS</u>	<u>27</u>
7.3	<u>CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES</u>	<u>27</u>
7.4	<u>PENALTIES OR SANCTIONS</u>	<u>28</u>
7.5	<u>CONFLICTS OF INTEREST</u>	<u>28</u>
7.6	<u>BOARD COMMITTEES</u>	<u>28</u>
8.	AUDIT COMMITTEE INFORMATION	28
8.1	<u>AUDIT COMMITTEE</u>	<u>28</u>
8.2	<u>PRE-APPROVAL POLICIES AND PROCEDURES</u>	<u>30</u>
8.3	<u>EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)</u>	<u>30</u>
8.4	<u>AUDIT COMMITTEE CHARTER</u>	<u>30</u>
9.	LEGAL PROCEEDINGS	30
10.	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	30
11.	TRANSFER AGENTS AND REGISTRARS	30
12.	MATERIAL CONTRACTS	30
13.	INTERESTS OF EXPERTS	31
14.	ADDITIONAL INFORMATION	31
15.	BOARD OF DIRECTORS MANDATE - APPENDIX A	32
16.	AUDIT COMMITTEE CHARTER - APPENDIX B	34

1. CORPORATE STRUCTURE

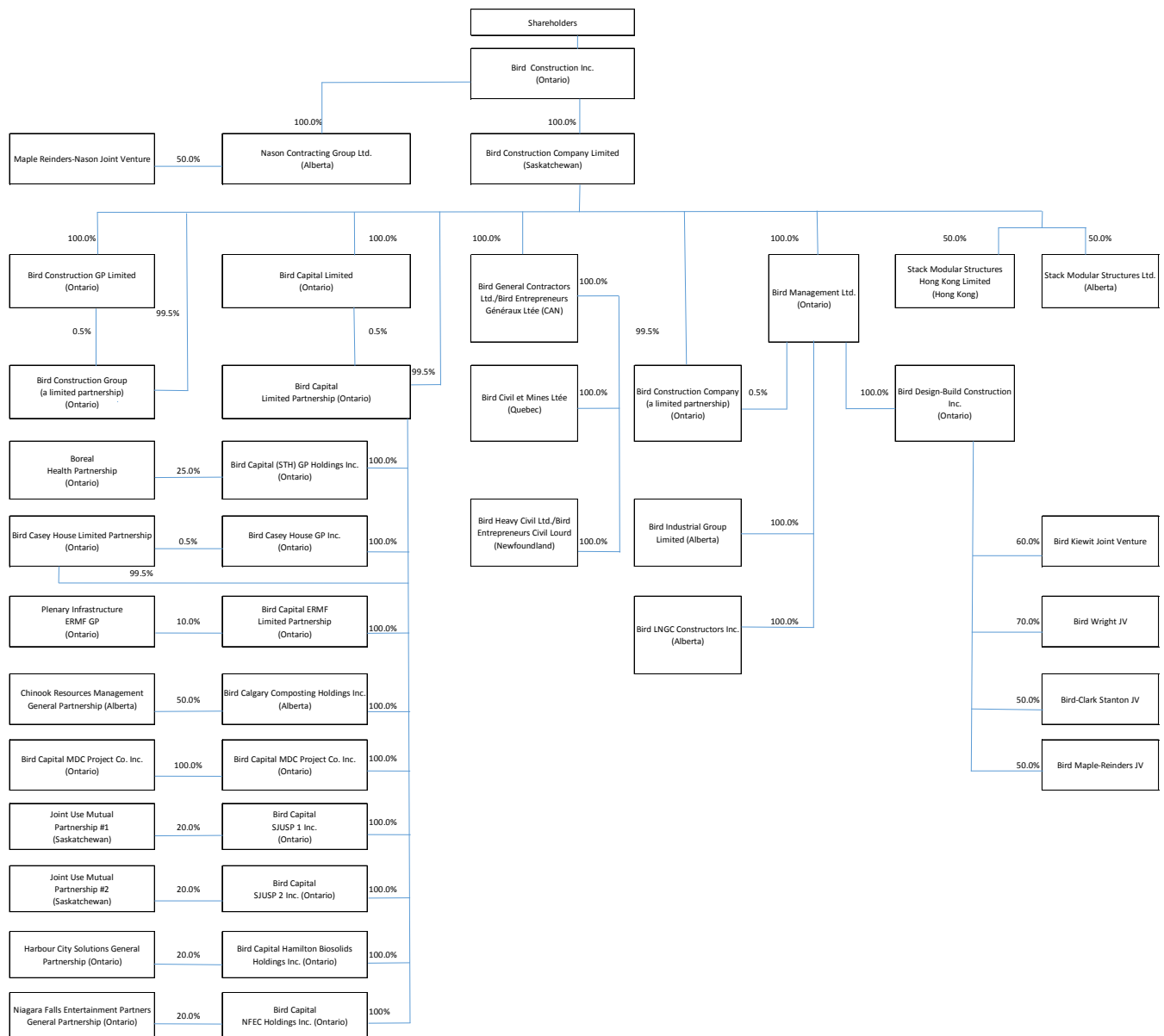
1.1 Name, Address and Incorporation

Bird Construction Inc. (the "Company" or "Bird") was incorporated on March 5, 2010 under the *Business Corporations Act* (Ontario) for purposes of converting the former Bird Construction Income Fund to a corporate structure. 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, Mississauga, Ontario, L4W 0C6.

1.2 Inter-corporate Relationships

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



Bird conducts a number of its construction projects using joint ventures which offer the benefits of competitive advantages, pooling of resources required to complete projects and sharing of risk between

joint venture partners. The joint ventures are formed to undertake specific projects, are jointly controlled by the partners and are dissolved upon completion of the project. Bird, in the past, has used a joint venture structure to undertake select construction projects and will continue to do so in the future where appropriate.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 The Business

The Company operates as a general contractor in the Canadian construction market with offices in: St. John's, Halifax, Saint John, Wabush, Montreal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton, and Vancouver. The Company and its predecessors have been in operation for 98 years. The Company focuses primarily on projects in the industrial, commercial and institutional sectors of the general contracting industry. Within the industrial sector, Bird constructs industrial buildings and performs civil construction operations including site preparation, concrete foundations, metal & modular fabrication, mechanical process work, underground piping and earthwork for clients primarily operating in the oil and gas and mining businesses. Within the commercial sector, Bird's operations include the construction and renovation of shopping malls, big box stores, office buildings, hotels and selected high-rise condominiums and apartments. Within the institutional sector, Bird constructs hospitals, post-secondary education facilities, schools, prisons, courthouses, government buildings, retirement & senior housing, and environmental facilities that include water and wastewater treatment centres, composting facilities and biosolids treatment and management facilities. The Company has developed expertise in the construction of vertical elements and overall management of transportation related projects and will continue to enhance our abilities as governments plan to increase stimulus spending to address aging infrastructure. Bird also invests in equity in PPP projects as a means to support construction operations. In all sectors, Bird contracts with its clients using a combination of fixed price, unit price, cost reimbursable and guaranteed maximum price, and provides services that include construction, design-build and construction management delivery methods.

While Bird self-performs some elements of its projects, particularly in the industrial market and in conjunction with its civil construction and contract mining operations, a significant portion of the overall construction risk rests with Bird's subcontractors. The scope of work of each subcontractor is generally 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 generally 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 including enrolling our subcontractors in Bird's subcontractor default insurance program which will mitigate exposure to possible additional costs should a subcontractor not be able to meet its 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 2017, the Company had a backlog of \$1,186.0 million compared with \$1,137.0 million at the end of 2016 and \$1,662.8 million at the end of 2015.

Construction activity is tied to the general state of the economy, the economic conditions facing the Company's clients in the industrial, commercial and institutional market sectors and the degree to which the Company has success in securing new contract awards from clients. The Company's annual revenues were \$1,418.4 million in 2017, \$1,589.9 million in 2016 and \$1,444.8 million in 2015 although the relative significance of the revenues derived from the industrial, commercial and institutional market sectors has changed in each of the past three years. Since 2015, revenues derived from the industrial sector have been declining as a result of lower commodity prices, while revenues derived from the institutional sector have been increasing with the Company's success in securing work in the Public Private Partnership ("PPP") market. In 2017, revenues declined 10.8% through continued declines in industrial and a slight decline in institutional revenue, with commercial the only sector growing year-over year. In 2016, revenues grew 10.0% and the proportion of revenues derived from the commercial and institutional sectors outweighed those of the industrial sector. In 2015, the amount of construction revenues was 5.9% higher than those recorded in 2014.

Net income was \$11.6 million in 2017, \$25.0 million in 2016 and \$21.5 million in 2015. Net income in

2015 included a non-cash charge to earnings of \$22.4 million (\$20.3 million after deferred tax reversals) for the impairment of goodwill and intangible assets relating to the Company's investment in its wholly owned subsidiary H.J. O'Connell Limited ("O'Connell"), now rebranded Bird Heavy Civil ("BHC"). Adjusting for the non-cash after-tax impairment charges related to O'Connell of \$2.7 million in 2016 on equipment and \$20.3 million for goodwill and intangibles in 2015, the Company's adjusted net income (a non-GAAP measure) in 2016 and 2015 was \$27.7 million and \$41.8 million, respectively.

The year-over-year decrease in 2017 net income is primarily due to lower volume and lower gross profit, including a reduction in gross profit percentage from 5.8% in 2016 down to 5.2% in 2017. The reduction in gross profit is primarily due to the change in the mix from higher margin industrial work to comparatively lower margin institutional and commercial work year-over-year. The company realized income from equity accounted investments primarily from its investments in PPP concession entities. The decrease in net income is also impacted by an increase in general and administrative spend as the company was actively pursuing several PPP projects during the year.

Adjusted net income in 2016 of \$27.7 million was less than 2015 adjusted net income of \$41.8 million by \$14.1 million or 33.6%. The year-over-year decrease in 2016 adjusted net income is primarily a result of lower gross profit due to a shift in the mix of the work program from comparatively higher margin industrial work to lower margin institutional work. In addition, the wildfires in northern Alberta had a negative impact on the execution of several projects, resulting in delays and additional costs that reduced gross profit by approximately \$4.0 million in 2016. The net income reduction was partially offset through efficiencies in general and administrative expenses, improved finance income, lower finance costs, and an increase in deferred income tax recovery.

The institutional market sector contributed 61% of 2017 revenues (56% in 2016). In the institutional sector, investment in infrastructure by the various levels of government is expected to remain a priority. The federal government has announced a number of infrastructure funding programs resulting in an increase in activity in certain sectors such as post-secondary education and public transit systems. Other funding announcements for environmental and projects specifically addressing infrastructure needs in indigenous communities have been slower to materialize. The Company is well positioned to benefit from this increase in infrastructure investment, inclusive of the numerous PPP projects. New contract awards of institutional projects slowed in the second half of 2017 primarily due to the timing and stage of procurement, with several opportunities originally scheduled to close in late 2017 now closing in 2018. The revenue and gross profit contribution in 2018 derived from the institutional sector is expected to be strong.

The industrial market sector contributed 21% of 2017 revenues (29% in 2016). Lower energy prices have resulted in a reduction in the number and size of construction opportunities in the energy sector in western Canada. We expect energy clients to focus on spending programs aimed at lowering the cost of production and on maintenance programs in 2018. Activity in the midstream oil and gas market segment has increased and will continue to offer opportunities to the Company. Renewable energy opportunities in western Canada and nuclear related work in Ontario are also emerging, with pursuit activity anticipated to increase in the year. In addition, there appears to be more positive sentiment with respect to larger scale LNG developments in BC with activity increasing, although the Company does not foresee a significant financial benefit in 2018 at this time. In eastern Canada, lower iron ore and commodity prices have resulted in a cautious approach to capital spending from mining clients, with more annual work programs being tendered as opposed to multi-year mining support contracts. Through 2017, bidding activity in the gold, lithium and iron ore sectors increased, a trend expected to continue in 2018. The Company has been successful in securing work with our core clients in the Labrador Trough region while advancing progress in the development of new clients in Quebec, Ontario and northern Canada. The environment for our industrial market will remain challenging but is anticipated to progressively improve in 2018. The Company anticipates our work program to be comprised of smaller, shorter cycle projects, secured at competitive margins but will be more diversified both geographically and in scope as we continue to advance progress on our Build Bird strategic plan. It is anticipated that revenue and gross profits in our industrial sector will increase in 2018 as compared to 2017 but will remain under pressure with capacity still outweighing opportunity in the market.

The retail and commercial sector contributed 18% of 2017 revenues (15% in 2016). The Company continues to secure new work in this market, although traditional retail capital investment remains slow in many geographic regions due to uncertain economic conditions. Increasingly, retail clients with property in

urban centers are redeveloping these into mixed-use residential properties, of which the Company is increasingly participating in, particularly in the greater Toronto area. It is anticipated that the retail and commercial market will remain stable in 2018 with multi-story, mixed-use residential projects in urban centers for select clients comprising a larger composition of this work program.

2.2 Significant Acquisitions and Recent Events

On September 13, 2017, the Company announced that it had acquired 50% of Stack Modular Structures Ltd and 50% of Stack Modular Structures Hong Kong Limited (together the "Stack Modular Group of Companies" or "Stack").

On May 10, 2017, Bird Construction Inc. announced the appointment of Mr. Teri McKibbin as its Chief Operating Officer.

On March 14, 2017, Bird Construction Inc. announced the appointment of Karyn Brooks to its Board of Directors. Ms. Brooks will also serve on the Audit Committee and Human Resources, Safety and Governance Committee.

On February 27, 2017, Bird Construction Inc. announced the appointment of Luc J. Messier to its Board of Directors. Mr. Messier will also serve on the Audit Committee and Human Resources, Safety and Governance Committee.

In the fourth quarter 2016, the Company determined that there were indicators of impairment in the carrying amount for equipment relating to its wholly owned subsidiary O'Connell, now rebranded as Bird Heavy Civil ("BHC"). Continued unfavourable economic and market conditions in the mining industry in eastern Canada, primarily due to low iron-ore prices have resulted in customers curtailing resource development expenditures or self-performing their mining operations. In addition, for the limited number of opportunities that were available to the O'Connell business, strong competition resulted in work being difficult to secure which contributed to a reduction in backlog in 2016 compared to the year before. Lower utilization and the fact more equipment was made available in the resale market had placed downward pressure on equipment resale values. As a result of these factors, the Company recorded an impairment expense in costs of construction of \$3.9 million (\$2.7 million after deferred tax reversals) in fiscal 2016 on O'Connell equipment.

Effective June 30, 2016, Mr. Stephen Entwistle retired from the position of Chief Financial Officer and his position as Assistant Secretary of Bird Construction Inc. On July 1, 2016, Mr. Wayne Gingrich was appointed Chief Financial Officer and Assistant Secretary of Bird Construction Inc.

In 2015, the Company incurred a non-cash impairment charge of \$22.4 million (\$20.3 million after deferred tax reversals) for the impairment of goodwill and intangible assets relating the Company's investment in O'Connell. Unfavourable economic and market conditions in the mining industry in eastern Canada resulting from low iron-ore prices were expected to continue into the future. In addition, mining customers have curtailed resource development expenditures and some had decided to self-perform their mining operations which would further negatively affect future opportunities and cash flows for O'Connell. In the third quarter of 2015, the Company determined that there had been impairment triggering events and accordingly performed an impairment evaluation. The impairment testing indicated that the recoverable amount derived from O'Connell was less than the carrying amount of the net investment in O'Connell. As a result of the analysis, the Company recorded a third quarter impairment expense of \$14.1 million relating to all of O'Connell's goodwill and the total carrying value of \$8.3 million relating to O'Connell's intangible assets, including customer relationships and trade name. This event served to negatively affect net income in 2015. Adjusting net income for the non-cash after-tax impairment charge of \$20.3 million, the Company's adjusted net income was \$41.8 million (a non-GAAP measure).

3. DESCRIPTION OF THE BUSINESS

3.1 The Business

3.1.1 *General Information*

The Company is a general contractor with offices in St. John's, Halifax, Saint John, Wabush, Montreal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. The Company and its predecessors have been in operation for 98 years. The Company focuses primarily on projects in the industrial, mining, commercial and institutional sectors in 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, unit price, cost reimbursable and guaranteed maximum price, and provides services that include construction, design-build and construction management delivery methods.

3.1.2 *Business Strategy*

In 2016, the Company undertook a comprehensive strategic review to assess its market position and re-establish medium and long-term goals. This process culminated in the Company's Board of Directors endorsing the Build Bird five-year strategic plan that has been developed to further enhance the Company's position as a premier Canadian contractor driven by the passion and dedication of a team of construction professionals. The Build Bird five-year strategic plan is in its first full year of implementation in 2017 and features three core pillars: Build the Business, Build the Team and Build Relationships. Each pillar is further articulated by three primary initiatives.

Broadly, Bird's strategic focus is to secure projects in markets with higher profit margins, which, in 2017, consisted of PPP and large design-build projects in the institutional sector as well as smaller midstream oil & gas capital projects in western Canada. In the coming years, this will also include more Maintenance, Repair and Operations ("MRO") opportunities for our energy clients. For Bird Heavy Civil (formerly known as H.J. O'Connell), efforts will focus on diversifying the customer base on select mining support and environmental projects. Details of each pillar and primary initiatives are expanded below.

BUILD THE BUSINESS

Diversification and Growth

The diversification of the Company's work program and earnings base is intended to strengthen the Company by making it healthier and more resilient during economic downturns. As part of the overall strategy, Bird will continue to focus on larger and more complex construction projects, which typically offer greater profit margins. Diversification and Growth, will be realized through several methods including geographic expansion of existing services, introduction of new services and the development of new clients. The Company will be very selective in its execution of the strategy to ensure it grows and diversifies profitably.

The Company will continue to express its preference for design-build construction contracts where its proven experience provides Bird with a source of competitive advantage in the construction market. The primary focus for geographic expansion in 2017 was the ongoing development of the Edmonton Commercial office which, coupled with our office in Calgary will further service the institutional, municipal and commercial sectors in the Alberta region. While the market conditions are expected to remain difficult in 2018, the district will continue its efforts to organically grow its work program and build momentum for the future. The Company will also seek opportunities to expand commercial and institutional expertise into additional markets in Canada by way of joint venture arrangements or through acquisition.

New service offerings will also contribute to Bird's diversification and growth strategy. The Company will continue to leverage the acquisition of Nason Contracting Group Ltd. completed in 2013 to secure greater participation in the MRO market in northern Alberta through the execution of self-perform mechanical process work for existing clients. Also, the Company will further leverage its earth moving and civil capabilities gained through the acquisition of H.J. O'Connell Ltd. (rebranded Bird Heavy Civil) into industrial markets in western Canada, enhancing our existing relationships and self-perform operations. More recently, the Company plans to leverage its 2017 investment in Stack which is a modular construction company with production operations in China. Stack produces steel frame modules for

permanent construction. The modules are suited for the hotel, senior housing, office space and general housing sectors. The Company and Stack have complementary knowledge, resources and expertise that positions them well to serve the permanent modular construction market in Canada and the United States. Additional service offerings will be introduced to help secure opportunities presented by the federal government's mandate to invest in indigenous communities, environmental initiatives and transportation projects. The Company's goal is to leverage its areas of expertise to participate more fully in these markets on selective projects where it can develop a compelling win strategy.

As part of the Company's growth strategy, the Company will use its existing relationships in established markets to expand its work program. As one of only a few general contractors in Canada with a national footprint, Bird looks to deepen its relationship with existing commercial clients that have a portfolio of properties and development opportunities both regionally and across Canada while also seeking to foster new client relationships. Historically, in western Canada the Company's industrial work program has been focused on the oil sands where it has secured a reputation as a safe, reliable and cost effective general contractor. In the coming years, the Company will leverage these proven capabilities to develop clients and work programs in central and western Canadian provinces. Similarly, Bird Heavy Civil will broaden its established activities in the Labrador Trough region to secure similar opportunities in eastern Canada. This wider geographical scope will also support the need to develop additional clients, primarily in Quebec, Ontario and northern Canada in an effort to diversify from Bird Heavy Civil's historical focus on the iron ore market. These efforts to develop new clients will require a commitment to business development and a recognition that program accomplishments will take time to mature, particularly given the market conditions seen in the resource sector in recent years.

Build Efficiencies

As a primary initiative of the Build the Business pillar, Bird's strategy for Build Efficiencies is to drive business process improvements to extract potential savings from overheads. These savings will be reinvested into the Company's strategic initiatives. Increasing process efficiency, particularly for the operations team will also lead to greater engagement amongst the employee group and is anticipated to positively impact production as project teams will be able to dedicate more energy on project execution and less on administrative tasks.

Safe Production

At Bird, the single most important value is Safety and the goal is zero harm. Building on a highly reputable and proven safety program, this ongoing initiative will further the Company's commitment to embedding a Safe Production mindset throughout the project lifecycle, from estimating through to post-job assessment. It will require driving greater involvement and commitment from subcontractors and suppliers, and will further extend to fostering the safe planning and execution of Bird employee activities off the job. This holistic approach reflects the Company's fundamental belief that thinking and acting safely is not a switch that can, or should be, activated when arriving at or leaving the job site or workplace. Rather, it is a mindset that must be encouraged, nurtured and supported so that safe behaviours become a habit; repeatable, sustainable, and embedded in everything Bird staff do.

BUILD THE TEAM

Drive Positive Engagement & Become the Employer of Choice

The primary initiative of the Build the Team pillar features a wide range of human resource program initiatives intended to enhance the employee experience, Drive Positive Engagement, and create a more mobile, better trained, better led, and more productive workforce. Bird's success is highly dependent on the Company's ability to attract, develop and retain a highly skilled workforce at all levels within the organization including executives, management, professional staff and craft workers by Becoming the Employer of Choice, which is the second initiative of Build the Team. Through the strategic planning process, a number of key priorities and challenges pertaining to the recruitment, development and retention of employees were identified. The Company will work to improve its human resource management processes to better support its recruitment, onboarding, and performance management programs. This will help elevate the employee experience at Bird by facilitating effective talent management and mobility across the organization.

Grow Our Talent

While creating a positive and safe work environment at Bird is non-negotiable, the Company is equally committed to providing employees, and potential employees, with interesting and challenging work and opportunities to Grow Our Talent in a welcoming environment where people can build a successful career

in every aspect of the business. Contributing to talent growth is the development of improved employee resource materials including an updated employee handbook, onboarding resources and the delivery of updated Bird Core Construction Training modules across the Company. A key element in the Company's talent growth plan is the enhancement of a meaningful employee recognition program. By continuously developing and refining policies and programs to engage employees at work and in their communities, offering new and innovative training programs, driving ongoing leadership development, and making a career at Bird more than just a job, the Company is able to recruit, develop and retain top talent while ensuring compensation programs remain market competitive.

BUILD RELATIONSHIPS

One Bird

Recognizing that the construction industry has evolved and projects are getting more complex, Bird has deployed the One Bird initiative that considers a holistic, company-wide approach to work more efficiently and effectively. One of the primary goals of this initiative is to identify and share the expertise across the Company to enhance effective deployment of human resources on the best opportunities, regardless of employees' geographic location. By promoting a more mobile workforce and increasing collaboration the Company will leverage its talent for targeted opportunities to secure greater outcomes.

Creating a Customer 1st Attitude

A primary initiative of the Build Relationships pillar, the Creating a Customer 1st Attitude, targets the development of stronger client relationships. The Company has traditionally focused on operational excellence and execution of its work program as a means to develop client relationships. While this has served the Company well in terms of delivering consistent results and developing repeat clients, there is a need to invest more resources in strengthening existing client relationships and developing new ones. This is consistent with Bird's strategy of targeting work with clients that welcome innovation and position the Company to add value. Bird will continue to target complex work, a market the Company has successfully performed in and one where the competition will be like-minded contractors with similar cost structures and approaches to risk and reward. Clients that seek a longer term, mutually beneficial relationship align well with the Build Bird five-year strategic plan.

Corporate Social Responsibility

Bird believes in being a good corporate citizen and supporting the communities in which it works and its employees live. In addition, employees increasingly wish to align themselves with a company that gives back and is socially responsible. Bird's Corporate Social Responsibility initiative includes Indigenous Cultural Awareness training for all employees which builds upon the Company's Indigenous Engagement Policy. Furthermore, establishment of the Bird Foundation, a formal conduit for tabulating and communicating Bird community donations and contributions, will provide greater direction to the Company's community engagement while driving increased employee participation and engagement.

3.1.3 *Industry Sectors*

Institutional

Within this market sector, Bird constructs hospitals, post-secondary education facilities, schools, prisons, courthouses, government buildings, retirement and senior housing and environmental facilities including water and wastewater treatment plants, and composting and biosolids plants.

The institutional market sector contributed 61% of 2017 revenues (56% in 2016). In the institutional sector, investment in infrastructure by the various levels of government is expected to remain a priority. The federal government has announced a number of infrastructure funding programs resulting in an increase in activity in certain sectors such as post-secondary education and public transit systems. Other funding announcements for environmental and projects specifically addressing infrastructure needs in indigenous communities have been slower to materialize. The Company is well positioned to benefit from this increase in infrastructure investment, inclusive of the numerous PPP projects. New contract awards of institutional projects slowed in the second half of 2017 primarily due to the timing and stage of procurement, with several opportunities originally scheduled to close in late 2017 now closing in 2018. The revenue and earnings contribution in 2018 derived from the institutional sector is expected to be strong.

Industrial

The industrial sector includes projects in the energy and resource related industries. The Company constructs industrial buildings and performs civil construction operations including site preparation, concrete foundations, metal & modular fabrication, mechanical processes, underground piping and earthwork. Bird has also developed excellent expertise in concrete construction, which are deployed in this sector. In addition, 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 sector contributed 21% of 2017 revenues (29% in 2016). Lower energy prices have resulted in a reduction in the number and size of construction opportunities in the energy sector in western Canada. We expect energy clients to focus on spending programs aimed at lowering the cost of production and on maintenance programs in 2018. Activity in the midstream oil and gas market segment has increased and will continue to offer opportunities to the Company. Renewable energy opportunities in western Canada and nuclear related work in Ontario are also emerging, with pursuit activity anticipated to increase in the year. In addition, there appears to be more positive sentiment with respect to larger scale LNG developments in BC with activity increasing, although the Company does not foresee a significant financial benefit in 2018 at this time. In eastern Canada, lower iron ore and commodity prices have resulted in a cautious approach to capital spending from mining clients, with more annual work programs being tendered as opposed to multi-year mining support contracts. Through 2017, bidding activity in the gold, lithium and iron ore sectors increased, a trend expected to continue in 2018. The Company has been successful in securing work with our core clients in the Labrador Trough region while advancing progress in the development of new clients in Quebec, Ontario and northern Canada. The environment for our industrial market will remain challenging but is anticipated to progressively improve in 2018. The Company anticipates our work program to be comprised of smaller, shorter cycle projects, secured at competitive margins but will be more diversified both geographically and in scope as we continue to advance progress on our Build Bird strategic plan. It is anticipated that revenue and gross profits in our industrial sector will increase in 2018 as compared to 2017 but will remain under pressure with capacity still outweighing opportunity in the market.

Commercial

Bird's commercial construction experience has involved the construction or renovation of various types of commercial projects, such as office buildings, enclosed shopping malls, shopping plazas, "big box" stores and grocery stores, while working with a distinguished list of national and local retailers and developers. The Company also constructs a number of high-rise, condominiums and apartments.

The retail and commercial sector contributed 18% of 2017 revenues (15% in 2016). The Company continues to secure new work in this market, although traditional retail capital investment remains slow in many geographic regions due to uncertain economic conditions. Increasingly, retail clients with property in urban centers are redeveloping these into mixed-use residential properties, of which the Company is increasingly participating in, particularly in the greater Toronto area. It is anticipated that the retail and commercial market will remain stable in 2018 with multi-story, mixed-use residential projects in urban centers for select clients comprising a larger composition of this work program.

3.1.4 *Competitive Conditions*

The barriers to entry into the construction industry are relatively low and Bird competes with many international, national, regional and local construction firms. The expertise, capital, equipment and labour pool required to perform in the industrial market and in the PPP market are relatively greater than in the commercial and balance of the institutional markets, and the pool of competitors is therefore smaller. 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, maintaining a superior safety record and offering a high level of service. Through the Company's investment and partnership with Stack, the Company is diversifying its offerings to include prefabricated modular building elements.

3.1.5 *Cyclicality*

Activity within the construction industry is generally tied to the state of the economy. 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.

3.1.6 *Seasonality*

Although Bird experiences some seasonality in its business, particularly in its civil construction operations, 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.

3.1.7 *Variability in Quarterly Earnings*

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 overall profitability of the contract and the amount of gross 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 or have been utilized, although certain risks will remain until the contract has been completed, and even beyond. In some cases, variations in earnings may occur where costs incurred to date may be recoverable from insurance policies or claims to clients at a future date but cannot be recorded in the current quarter until certainty of the recovery is attained. 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.

3.1.8 *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 operations in a manner so as to 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.

3.1.9 *Employees*

Bird employed approximately 838 full-time salaried persons and 803 hourly persons (of which 493 were unionized workers) as at December 31, 2017. The number of hourly employees is dependent on the number, size and status of ongoing projects. Comparable numbers as at December 31, 2016 were approximately 738 full-time salaried persons and 800 hourly persons (of which 553 were unionized workers).

3.1.10 *Geographic Markets*

Bird operates across Canada, operating in all provinces and territories including the Yukon, Northwest Territories and Nunavut. Bird has offices in St. John's, Halifax, Saint John, Wabush, Montreal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton, and Vancouver. In 2017, Bird recorded construction revenue of \$1,418.4 million (2016 - \$1,589.9 million; 2015 - 1,444.8 million), all of which was earned in Canada.

3.1.11 *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.

3.1.12 *Working Capital and Investments*

The amount of minimum working capital to be maintained by the Company is substantially determined by the amount required to maintain adequate levels of surety support and to provide other forms of security to its clients, including letters of credit to support contract performance. 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 invests in guaranteed investment certificates with maturities up to 270 days in Canadian and/or US dollars to improve the returns on cash held for projects.

The Company has previously held investments in preferred shares and on occasion in short-term corporate bonds and debentures. However, the Company has elected not to currently hold such investments because of exposure to significant changes in their market value in light of uncertain and volatile market conditions.

3.1.13 *Subcontractors and Suppliers*

Upon award of a construction contract where Bird will not self-perform certain scopes of the contract work, Bird will, in turn, make awards to various subcontractors and suppliers required to provide materials, labour 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 from the subcontractors and suppliers 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 generally borne by Bird's subcontractors and suppliers.

The scope of the work of each subcontractor or supplier is generally defined by the same drawings and specifications that form the basis of Bird's agreement with its client. The terms of the agreements between Bird and its clients are generally replicated in the agreements between Bird and its subcontractors and suppliers. These "flow-down" provisions substantially mitigate the risk borne by Bird.

Depending on the value of the subcontractor's or supplier'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 and suppliers to mitigate Bird's exposure to the risks associated with a subcontractor or supplier default under any subcontract.

3.1.14 *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 construction 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 to move into more specialized roles. However, as the Company grows and with staff turnover, the Company also hires experienced staff available in the market.

3.2 Risks Relating to the Business

3.2.1 *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 and sometimes formally based on other factors, such as the level of services offered, safety record, construction schedule, design (if applicable), project personnel, the consortium, joint venture and subcontractor team, prior experience with the prospective client and/or the type of project, and financial strength including the ability to provide bonds and other contract security.

In order to be afforded an opportunity to bid for large projects and in the PPP market, a strong balance sheet measured in terms of an adequate level of working capital and equity 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. 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 or other factors, 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 and alternative finance 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 and/or alternative finance 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.

3.2.2 *Economy and Cyclicalities*

Activity within the construction industry is generally tied to the 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. Investment decisions by our clients are based on long-term views of the economic viability of their current and future projects, sometimes based upon the clients' view of the long-term prices of commodities which are influenced by many factors. If our clients' outlook for their current and future projects is not favourable, this may lead them to delay, reduce or cancel capital project spending and may make them more sensitive to construction costs. A 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.

As noted above, Bird attempts to insulate itself in various ways from the effects of negative economic conditions; 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 also no assurance that above-average margins that may have been generated on historical contracts can be generated in the future.

3.2.3 *Potential for Non-Payment*

Before signing any construction contract, Bird conducts due diligence 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 temporarily fund construction costs where payment from its clients is delayed.

If a customer defaults in meeting its payment obligations to Bird 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 will normally provide some security that Bird may collect the amounts owing to it through the enforcement of its lien. 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.

3.2.4 *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 an attractive place to work, it could experience difficulty in hiring and retaining an adequate level of

qualified staff. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

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

Under some contracts, failure to meet a project deadline or other schedule milestone may, in addition to any delay-related expenses incurred by Bird, expose Bird to liquidated damages or other financial penalties that may include cost impacts to the client resulting from any delay. In particular, PPP infrastructure contracts typically contain more onerous financial penalties for project delays, which further increases Bird's exposure to these risks. The Company mitigates its exposure to these risks by managing and monitoring schedule and completion progress on its projects, as well as by transferring part of the risks to its subcontractors and suppliers.

In addition, under design-build contracts, the work, or portions thereof, may be required to meet certain performance specifications and/or other contractually specified needs of the customer. A failure to meet these requirements could expose Bird to liability for design flaws and/or additional construction costs that may result from such failures. The Company mitigates its exposure to these risks by subcontracting design services work and by subscribing for or otherwise obtaining professional liability insurance.

If Bird fails to meet completion schedules or 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.

3.2.6 *PPP Project Risk*

As noted above, Bird is active in the PPP market. Bird's role in these projects is typically to provide design-build services to a concession that is formed to provide design, construction, financing, and management and/or operations to a public authority. Typical in the design-build contract format are performance guarantees and design-build risks outlined in section 3.2.5 above. Moreover, 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 and damages.

As also noted in section 3.2.5 above, the PPP design-build contracts entered into by Bird also typically require Bird to pay significant liquidated damages and/or other penalties and 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 non-PPP procurement model. These include responsibility and potential liability for matters such 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 liability for breakage costs to the concession and its 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 the Company fails to meet its obligations.

3.2.7 *Performance of Subcontractors*

Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of its 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 possible damage to Bird's reputation.

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 a 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 subcontractor to mitigate

Bird's exposure to the risks associated with the subcontractor's performance and completion. A significant shortage of qualified subcontractors and trades people or the bankruptcy of a subcontractor could have a material impact on Bird's financial condition and results of operations.

3.2.8 *Competitive Factors*

Bird competes with many international, national, regional and local construction firms. 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.

3.2.9 *Estimating Costs and Schedules/Assessing Contract Risks*

The price for most contracts performed by Bird is based, in part, on cost and schedule estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with a contract or estimates of project costs and schedules that are in error, potentially resulting in lower than anticipated profit or significant loss. All significant cost and schedule estimates are reviewed by senior management prior to tender submission in an attempt to mitigate these risks.

3.2.10 *Design Risks*

While many contracts entered into by Bird are for construction or construction services only, certain contracts are undertaken on a design-build basis, under which Bird is responsible for both design and construction of the project, which adds design risk assumed by Bird. While Bird subcontracts all of the design scope in such design-build contracts to reputable designers, there is generally not a full transfer of design-related risks. These risks include design development and potential resulting scope creep, delays in the design process that may adversely affect the overall project schedule, and design errors and omissions.

To manage these risks, Bird manages and oversees the design process, coordinates the design deliverables with the construction process and, for significant design-build projects, purchases errors and omissions insurance.

3.2.11 *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 and market conditions. 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 in order to secure surety bonds.

The level of equity and working capital required to maintain ongoing surety support is subject to negotiation and other factors that cannot be determined precisely. 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 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 therefore possible that the ability of the Company to secure new projects will be constrained by its capitalization.

3.2.12 *Litigation/Potential Litigation*

In the normal course of the construction business, disputes sometimes 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 and, accordingly, adverse outcomes not currently provided for in any current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to Bird's reputation or a reduction in prospects for future contract awards.

3.2.13 *Quality Assurance and Quality Control*

Bird enters into contracts which specify the scope and specifications of the project to be designed and/or 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.

3.2.14 *Maintaining Safe Work Sites*

Despite the Company's efforts to minimize the risk of safety incidents, they can occur from time to time and, if and 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 work sites and offices safe and any failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to contract termination, fines, regulatory sanctions 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 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.

3.2.15 *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 costs 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.

3.2.16 *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 or other work action, 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.

3.2.17 *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 or of its subcontractors and suppliers, many of whom are unionized, seasonal weather conditions, poor or delayed performance on projects, default of its subcontractors or suppliers, 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 overall profitability of the contract and the amount of gross 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 or have been utilized, although certain risks will remain until the contract has been completed, and even beyond. In some cases, variations in earnings may occur where costs incurred to date may be recoverable from insurance policies or claims to clients at a future date but cannot be recorded in the current quarter until certainty of the recovery is attained. 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.

3.2.18 *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.

3.2.19 *Joint Venture Risk*

Bird sometimes forms joint ventures to pursue and execute projects. A joint venture structure can be beneficial by permitting competitive advantages, pooling of resources required to complete a project and risk sharing between the joint venture 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 staff 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 any of Bird's joint venture partners fail to perform their obligations due to financial or other reasons, 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.

3.2.20 Insurance Risk

In the normal course of business, Bird maintains insurance in order to satisfy the requirements of its construction contracts at a minimum and to insure project and business risks as part of its corporate risk management policies, including risks relating to its assets. 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.

3.2.21 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 contracts with Bird and, though Bird generally has a contractual 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 could have a material adverse impact on future revenues and profitability.

3.2.22 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.

3.2.23 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, and in a safe and environmentally-friendly manner. Damage to the Company's reputation can result from the occurrence of a variety of actual or perceived events. Negative publicity can arise from a number of factors including, without limitation, 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 the Company's 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 employee code of conduct; an anti-bribery and corruption policy; and a whistleblower policy. All employees are required to sign an acknowledgement of these policies, and to review and abide by them. In addition, the Company provides training to its employees regarding these policies, which include principles relating to harassment, fairness, conflicts of interest and other ethical business practices.

3.2.24 PPP Equity Investments

In addition to providing design and construction services on certain PPP infrastructure projects, Bird also makes investments in PPP concession entities through its wholly owned subsidiary, Bird Capital Limited. In this role, Bird arranges the financing and provides equity to some of the PPP projects it develops and assumes a degree of equity risk associated with the financial performance of the asset during the concession period.

Most PPP financing is provided on a non-recourse basis with most of the risk limited to the equity participation. Bird typically holds a minority equity investment in the concession and usually expects to sell the investment in the concession soon after construction completion or shortly thereafter, when the terms of the concession investment requires the Company to hold the investment for a longer period of time. All of the concession partners are required to secure their participation at financial close with letters of credit. A concession partner becoming insolvent does not represent a risk to the concession as these letters of credit ensure no short funding occurs. If the entity providing the services to the

concession and/or the service provider's guarantor become insolvent, a replacement of the insolvent entity or entities might be required. If the services cannot be provided by a new entity for the same costs, there is risk that the full-value of the concession may not be realized after the project has been constructed and is operating within contractual parameters.

Bird does not control the market for the investment, therefore there is a possibility that the value of the investment could become impaired. Also, a replacement of the contractors that perform the facility management services on these transactions exposes the equity investments to an erosion of the expected returns. This risk is partially mitigated by the security packages put in place by these contractors for each transaction. In addition, Bird may be exposed to reputational risk should the project not be delivered on time or in accordance with design specifications. Exposure to the risk of non-performance could lead to a contract termination and loss of injected equity.

3.2.25 *Cyber-security Risk*

The Company relies on information technology to process, store and transmit electronic information and cyber-security incidents relating to the Company's information technology systems may disrupt operations and impact operating results. Cyber-security incidents may occur from a range of techniques, from phishing or hacking attacks to sophisticated malware, hardware or network attacks.

While the Company has implemented systems, policies, procedures, practices, hardware and backups designed to prevent and limit the effect of cyber-security attacks, there can be no assurance that these measures will be sufficient to prevent, detect or address the attacks in a timely matter or at all. A successful cyber-attack may allow unauthorized interception, destruction, use or dissemination of the Company's confidential information, which could have a material adverse effect on the business.

3.3 Risks Relating to the Shares

3.3.1 *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.

3.3.2 *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, to provide the financial capacity to withstand a downturn in the construction industry should it occur and to expand the business, as well as the desirability of maintaining the dividend rate. There can be no assurances that the current dividend rate will not change in the future.

4. 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, to provide the financial capacity to withstand a downturn in the construction industry should it occur, and to expand the business, as well as the desirability of maintaining a stable or increasing dividend rate.

On November 9, 2016, the Company's Board of Directors approved a reduction to the Company's monthly dividend by 48.7% to \$0.0325 per common share per month from \$0.0633 per common share per month, effective for the dividend payable on February 17, 2017 to shareholders of record on January 31, 2017. On an annualized basis, the new dividend per common share is \$0.39, down from \$0.76 per common share.

In 2017, the Company paid an annual dividend of \$0.4208 per common share. This is based on 11 payments at \$0.0325 per common share per month (from February 17, 2017 to December 20, 2017), with the payment on January 19, 2017 at \$0.0633 from the December 31, 2016 record date.

In 2017, the Company declared dividends for the months of January and February of 2018, and in 2018, for the months of March and April 2018, all in the amount of \$0.0325 per common 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, 2017 were as follows:

<u>Period</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Dividends Per Share \$</u>	<u>Amount (000's)\$</u>
January 2017	January 31, 2017	February 17, 2017	0.0325	1,381.8
February 2017	February 28, 2017	March 20, 2017	0.0325	1,381.8
March 2017	March 31, 2017	April 20, 2017	0.0325	1,381.8
April 2017	April 28, 2017	May 19, 2017	0.0325	1,381.8
May 2017	May 31, 2017	June 20, 2017	0.0325	1,381.8
June 2017	June 30, 2017	July 20, 2017	0.0325	1,381.8
July 2017	July 31, 2017	August 18, 2017	0.0325	1,381.8
August 2017	August 31, 2017	September 20, 2017	0.0325	1,381.8
September 2017	September 29, 2017	October 20, 2017	0.0325	1,381.8
October 2017	October 31, 2017	November 20, 2017	0.0325	1,381.8
November 2017	November 30, 2017	December 20, 2017	0.0325	1,381.8
December 2017	December 29, 2017	January 20, 2018	0.0325	1,381.8
		Totals	\$ 0.3900	\$ 16,582.0

The three-year history of annual dividends declared per share of the Company is as follows:

2017	2016	2015
\$0.39	\$0.76	\$0.76

5. DESCRIPTION OF CAPITAL AND DEBT STRUCTURE

5.1 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, 2017, and March 8, 2018 the Company had 42,516,853 issued and outstanding common shares.

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 December 31, 2016, and March 8, 2017, no preference shares were issued and outstanding.

In 2011, the Company introduced a 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, of which 435,000 remain outstanding as of March 8, 2018. In 2017, 30,000 stock options were forfeited resulting from employees retiring from the Company. No stock options were exercised at December 31, 2017.

On January 1, 2015, the Company's Board of Directors approved the award of an additional 100,000 stock options to the newly appointed President and CEO. The total number of stock options are exercisable in equal amount on the first through fourth anniversary dates from the grant date at an exercise price of \$11.87 per Common Share. The exercise price was based on the weighted average trading price of the Company's common shares on the Toronto Stock Exchange for the five days ending on December 31, 2014. These options will expire on January 1, 2022. No stock options were exercised at December 31, 2017.

As noted in the Company's 2017 Management Information Circular, the Board did not grant any stock options in 2017 and, in connection with the approval of the Equity Incentive Plan (described in the Company's 2016 Management Information Circular), the Board has suspended the Stock Option Plan since the Equity Incentive Plan was approved by Shareholders at the annual and special meeting of Shareholders to be held on May 12, 2017. However, all outstanding stock options will continue to vest and be exercisable in accordance with their terms.

Further, no shares were sold or issued from treasury in 2017.

5.2 Indebtedness

At December 31, 2017, the total amount of outstanding debt was \$18.6 million. The debt was issued to fund the purchase of equipment to support civil operations and increase working capital. In addition, the Company has \$63.7 million of non-recourse project debt outstanding at December 31, 2017, used to finance the construction of one alternative finance project which is currently under construction.

6. MARKET FOR SECURITIES OF THE ISSUER

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

The following table outlines the trading price range and volumes of Company shares during 2017:

Toronto Stock Exchange					
<u>BDT Price Range</u>					
<u>Month</u>	<u>High \$</u>		<u>Low \$</u>		<u>Trading Volume</u>
January 2017	\$	9.18	\$	8.50	5,219,619
February 2017	\$	9.67	\$	8.84	2,439,238
March 2017	\$	10.36	\$	8.65	2,877,109
April 2017	\$	10.68	\$	9.39	1,221,824
May 2017	\$	9.69	\$	8.35	4,041,969
June 2017	\$	8.60	\$	7.74	3,662,178
July 2017	\$	8.83	\$	8.13	1,358,934
August 2017	\$	9.47	\$	7.99	1,624,747
September 2017	\$	10.15	\$	8.80	1,316,905
October 2017	\$	10.04	\$	9.46	806,235
November 2017	\$	10.00	\$	9.42	935,586
December 2017	\$	10.40	\$	9.50	1,312,549

7. DIRECTORS AND OFFICERS

7.1 Directors and Executive Officers

The names, municipalities of residence and principal occupations of the current Directors and Executive Officers of Bird are set out below. Each Director will hold office until the next Annual General Meeting of shareholders set for May 9, 2018, or until a successor is elected or appointed.

Name of Municipality of Residence	Position ⁽²⁾	Principal Occupation	Director Since ⁽¹⁾
J.P. Bergman Moffat, Ontario	Executive Vice President - Commercial and Institutional of Bird Construction Inc.	Executive Vice President - Commercial and Institutional of Bird Construction Inc.	N/A
J.R. Bird Calgary, Alberta	Director ⁽³⁾⁽⁴⁾	Corporate Director	1987
I.J. Boyd Oakville, Ontario	Director, President & Chief Executive Officer of Bird Construction Inc.	President & Chief Executive Officer of Bird Construction Inc.	2015
K.A. Brooks Calgary, Alberta	Director ⁽³⁾⁽⁴⁾	Corporate Director	2017
P.A. Charette Oakville, Ontario	Director, Chair of the Board ⁽³⁾⁽⁴⁾	Chair of the Board	1991
C.J. Caza Oakville, ON	SVP, Risk Management and General Counsel, and Corporate Secretary of Bird Construction Inc.	SVP, Risk Management and General Counsel, and Corporate Secretary of Bird Construction Inc.	N/A
D.G. Doyle Victoria, British Columbia	Director, Audit Committee Chair ⁽³⁾⁽⁴⁾	Corporate Director	2003
B.D. DuPont Calgary, Alberta	Director, Human Resources, Safety & Governance Committee Chair ⁽³⁾⁽⁴⁾	Corporate Director	2011
K.W. McClure Toronto, Ontario	Executive Vice President - Commercial of Bird Construction Inc.	Executive Vice President - Commercial of Bird Construction Inc.	N/A

Name of Municipality of Residence	Position ⁽²⁾	Principal Occupation	Director Since ⁽¹⁾
T.L. McKibbon Canmore, Alberta	Chief Operating Officer of Bird Construction Inc.	Chief Operating Officer of Bird Construction Inc.	N/A
L.J. Messier Houston, TX, USA	Director ⁽³⁾⁽⁴⁾	Corporate Director	2017
R.D. Munkley Mississauga, Ontario	Director ⁽³⁾⁽⁴⁾	Corporate Director	2011
P.R. Raboud Toronto, Ontario	Director	Corporate Director	2008
G.G. Royer Leduc County, Alberta	Executive Vice President - Industrial of Bird Construction Inc.	Executive Vice President - Industrial of Bird Construction Inc.	N/A
A.C. Thorsteinson Winnipeg, Manitoba	Director ⁽³⁾⁽⁴⁾	President, Shelter Canadian Properties Limited, a real estate development and management company	1991
W.R. Gingrich Georgetown, ON	Chief Financial Officer and Assistant Secretary of Bird Construction Inc.	Chief Financial Officer and Assistant Secretary 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 7 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. Paul Bergman is Executive Vice President - Commercial and Institutional of Bird Construction Inc., based in the Toronto office. Mr. Bergman joined Bird as a project coordinator through the Company's Civil Engineering Co-op Program in the Winnipeg District in 1999. After graduating with a Structural Engineering Technology Diploma from Red River College, Mr. Bergman accepted employment at Bird on a full-time basis as project coordinator. He assumed progressively more responsible roles within the Company on various commercial, institutional, and industrial projects in the Winnipeg and Edmonton offices and in 2010 was promoted to the Winnipeg District Manager. In January 2016, he was appointed as Vice President and Winnipeg District Manager. Mr. Bergman relocated to the Toronto office where, effective November 2016, he was appointed as Senior Vice President. In January 2018, he was appointed Executive Vice President, Commercial and Institutional.

J. Richard Bird retired from Enbridge Inc. in early 2015, having served as Executive Vice President, Chief Financial Officer and Corporate Development, and various other roles, including: Executive Vice President Liquids Pipelines, Senior Vice President Corporate Planning and Development, and Vice President and Treasurer. Mr. Bird has 29 years of experience as an officer of a number of public companies, and serves on the Board of Directors or Trustees of Enbridge Energy Partners L.P., Enbridge Pipelines Inc., Enbridge Income Fund Holdings Inc. and Bird Construction Inc. He is chair of the Board of Directors of the Alberta Investment Management Company, having previously served as chair of its audit committee. Mr. Bird is also a member of the Investment Committee of the University of Calgary Board of Governors. He was named Canada's CFO of the Year for 2010. He holds a Bachelor of Arts degree from the University of Manitoba, and a Masters of Business Administration and PhD from the University of Toronto and has completed the Advanced Management Program at Harvard Business School.

Ian J. Boyd, President and CEO of Bird Construction Inc., graduated with a Bachelor of Civil Engineering from the University of New Brunswick and has accumulated 20 years of experience in the general contracting industry in Nova Scotia, New Brunswick and Alberta. Mr. Boyd joined Rideau Construction in 1996 and progressed through the Company as a project coordinator, project manager, manager of diversified projects and in 2004, he was appointed as the Vice President and operations manager for the Nova Scotia office. Mr. Boyd became a Bird employee in 2008 when Bird acquired Rideau Construction and shortly thereafter, relocated to Alberta as Project Director. In 2010, Mr. Boyd returned to eastern Canada and was appointed as the Atlantic Vice President and in 2011, assumed the role of Senior Vice President where he was involved in the O'Connell acquisition. In 2013, Mr. Boyd was appointed to Executive Vice President and Chief Operating Officer, and most recently was appointed as President and Chief Executive Officer of Bird, effective January 1, 2015. Mr. Boyd is a registered professional engineer with the Association of Professional Engineers of Nova Scotia and a current member of the Canadian Construction Association board of directors and a past member of the Construction Association of Nova Scotia.

Karyn A. Brooks was appointed as a Director in March 2017. Ms. Brooks retired from BCE and Bell Canada in March 2014, having served as Senior Vice President and Controller for 11 years. Ms. Brooks has almost 20 years of executive experience as an officer of several large Canadian public companies. She serves on the Board and Audit Committee of Information Services Corporation and The Calgary Zoological Society. She was elected a Fellow of CPA Ontario in 2009 and named one of Canada's Top 100 Women, both in 2009. In a volunteer capacity, Ms. Brooks has contributed significantly to accounting standard setting and its oversight, both domestically and internationally. She holds a Bachelor of Commerce (Honours) from Queen's University and the FCPA, FCA designation.

Charles J. Caza is the Senior Vice President Risk Management and General Counsel of Bird Construction Inc., and serves as Corporate Secretary to the Board of Directors. Mr. Caza obtained his Bachelor of Science in Civil Engineering from the University of Waterloo in 1986. Subsequently, he studied law at the University of Western Ontario where he obtained his Bachelor of Laws in 1990. Mr. Caza was called to the Bar in Ontario in 1992 and has been certified as a Specialist in Construction Law by the Law Society of Upper Canada since 2002. Prior to joining Bird in 2009 and prior to studying law, he was employed as an engineer, then in the role of Vice President, Operations in the construction industry with a Toronto-based general contractor. He later developed his legal and management career with an international construction and engineering organization (before joining Bird Construction), where he was involved in a number of large international engineering and construction projects and was Commercial Director of a global operating division. In 2017, Mr. Caza completed the Directors Education Program offered by the Institute of Corporate Directors and obtained his ICD.D designation.

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 also appointed as Chair of the Board in 2001. In September 2008, Mr. Charette retired from his position as Chief Executive Officer of Bird. He is a past Director of the Colleges and Institutes Canada and also the past Chair of the Canadian Construction Association ("CCA"). In 2004, Mr. Charette was named 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. In July 2017, Mr. Charette was appointed to the Board of Governors of Niagara College Canada. 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 of 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 the Winnipeg Airports Authority and the 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 Professional Accountant.

Bonnie D. DuPont was appointed as a Director effective January 1, 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 has been a Fellow

of the Institute of Corporate Directors since 2015, and is 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 Bachelor's Degree in Technology by the Southern Alberta Institute of Technology. Ms. DuPont also received an Honorary LLD from the University of Calgary in 2017. Ms. DuPont lectures in the Directors' Education Program offered by the Institute of Corporate Directors and is the past Chair of the Board of Governors at the University of Calgary. She also serves on the board of NavCanada, is the Chair of the Human Resources & Compensation Committee and serves as well on the Governance Committee. Ms. DuPont also sits on the board of the Calgary Opera Society.

Kenneth W. McClure is Executive Vice President - Commercial 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.

Terrance L. McKibbin is Chief Operating Officer of Bird Construction Inc. Prior to joining Bird in June 2017, Mr. McKibbin spent 20 years at Aecon Group. He served as President and Chief Executive Officer from June 2014 to December 2016. From June 2013 until June 2014 he served as President and as Chief Operating Officer from March 2011 until June 2014. He served as the President of Aecon's Civil and Utilities division from June 2005 until March 2011. He served as an Executive Vice President of Aecon Group Inc. from 2005 until 2016. He has been involved with the management of construction-related companies for over 30 years including founding, acquiring and integrating companies and the overall management of companies that are active in all aspects of infrastructure construction. He has been an Independent Trustee of Northview Apartment Real Estate Investment Trust since May 2015. He served as a Non-Independent Director of Aecon Group Inc. from June 2014 to December 2016. He was a Trustee of the Operating Engineers Local 793 Training Fund from 2005 until 2014. He served as a Health & Safety Fund Trustee at Labourers International Union of North America from 2004 to 2013. He served as the Chairman and Board Member at Aecon: Lafarge Caledon BOD from 2000 to 2011. He served as a Board Member at Utility Contractors Association from 2002 to 2006 and Ontario Road Builders Association from 1999 to 2006. He served as the Chair and board member at Canadian Pipeline Contractors Association from 2005 to 2010 and Ontario Hot Mix Producers Association from 1992 to 1999. He was Awarded the Canadian Construction Association's Gold Seal Project Manager Certification in 1997. Mr. McKibbin attended Carleton University's Geology as well as integrated Science and Economics programs. Mr. McKibbin is a member of the Institute of Corporate Directors (ICD).

Luc J. Messier was appointed as a Director in February 2017. Mr. Messier is currently the president of Reus Technologies LLC, a company focusing on the development of new technologies. Between 2007 and 2015, Mr. Messier served as senior vice president for ConocoPhillips Company where he was responsible for global projects, global supply chain and the addition of global aviation in 2012. Before joining ConocoPhillips, Mr. Messier served as president and chief executive officer of Technip USA. Prior to joining Technip, Mr. Messier held engineering, project management and managing director roles at Bouygues Construction and Pomerleau. Mr. Messier also served on the boards of Mercury and Da Camera in Texas until December 2017. He holds a bachelor's degree in civil engineering from the University of Sherbrooke and studied business administration at INSEAD.

Ron D. Munkley was appointed as a Director in October 2011 and to the position of Lead Director in March 2017. 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., where he is Chair of the Governance Committee, 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.

Paul R. Raboud was the Vice Chair of Bird Construction Inc. until his retirement from that position on March 3, 2017. 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 Master's 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 district manager. In 1990, he was appointed manager of the Vancouver District, 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 the Chair of the Ontario General Contractors Association and a director of Stephenson's Holdings Inc.

Gilles G. Royer is Executive Vice President - Industrial of Bird Construction Inc., based in the Edmonton office. Mr. Royer joined Bird as a project coordinator through the Company's Civil Engineering Co-op Program in the Edmonton District 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 District Manager. In 2009, he was appointed to the position of Edmonton District Manager; in January 2011, he was appointed as Vice President and Edmonton District Manager; effective January 1, 2012, he was appointed Senior Vice President; and in January 2015, he was appointed Executive Vice President, Industrial.

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, and Onex Corporation. Mr. Thorsteinson holds a Bachelor of Commerce (Honours) and a Doctor of Laws, honoris causa, from the University of Manitoba and a Chartered Financial Analyst designation.

Wayne R. Gingrich is Chief Financial Officer and Assistant Secretary of Bird Construction Inc. Having joined Bird on April 4, 2016, Mr. Gingrich assumed his current role on July 1, 2016 and brings with him over twenty years of experience in finance and accounting roles and thirteen years of service as a financial executive in the architecture, engineering, construction (AEC) sector. Prior to joining Bird, he served as the Chief Financial Officer for MMM Group Limited, acquired by WSP Global Inc. in late 2015. Prior to joining MMM Group, he worked for AECOM, Earth Tech and General Electric. Wayne obtained his honours Bachelor of Business Administration (BBA) from Wilfrid Laurier University, with a minor in economics. He is a chartered professional accountant (CPA) and certified management accountant and is a member of the Institute of Corporate Directors (ICD).

7.2 Collective Shareholdings

As a group, the Directors and executive officers of the Company beneficially own, directly or indirectly, a total of 1,632,595 common shares, representing approximately 3.84% of the issued common shares, and hold 265,000 stock options as at December 31, 2017.

7.3 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 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.

7.4 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.

7.5 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").

7.6 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.

Current Committee membership is shown in the following table:

Director	Audit Committee	Human Resources, Safety and Governance Committee
J. Richard Bird	✓	✓
Karyn A. Brooks	✓	✓
Paul A. Charette	✓	✓
D. Greg Doyle	Committee Chair	✓
Bonnie D. DuPont	✓	Committee Chair
Luc J. Messier	✓	✓
Ron D. Munkley	✓	✓
Arni C. Thorsteinson	✓	✓
<i>Non-Independent Directors</i>		
Ian J. Boyd		
Paul R. Raboud		

8. AUDIT COMMITTEE INFORMATION

8.1 Audit Committee

The Audit Committee of the Company is currently comprised of eight members, being J.R. Bird, K. Brooks, D.G. Doyle, B.D. DuPont, L.J. Messier, R.D. Munkley, P.A. Charette 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 relating to the Audit Committee (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.

Karyn A. Brooks was appointed as a Director in March 2017. Ms. Brooks obtained her Chartered Accountant (Ontario) designation in 1978 and was elected a Fellow of the Chartered Professional Accounts of Ontario in 2009. She is a member of the boards and audit committees of Information Services Corporation and of Calgary Zoological Society, and has held a number of other audit committee seats and chaired other audit committees. She has also served as a senior officer of other listed issuers, 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. In 2014, Mr. Charette resigned from the Audit Committee and was reappointed on May 9, 2015. 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.

Luc J. Messier has been on the Board of the Company since February 2017 and a member of the Audit Committee since that time. Through his experience as Senior Vice-President Projects, Aviation and Chief Procurement Officer at ConocoPhillips, Mr. Messier has been closely involved with Enterprise Risk Management, including reviewing on a regular basis his global responsibilities with the Board Finance and Audit Committee. He has also served on the Board of Joint Venture Companies and subsidiaries of ConocoPhillips. Mr. Messier served on the Boards of Mercury and Da Camera, in Texas, and has been on the Finance and Audit Committee of Mercury.

Ron 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. He was appointed to the position of Lead Director in March 2017. 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 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.

8.2 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.

8.3 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:

	2017	2016
Annual Audit Fees	\$ 425,000	\$ 405,000
Other Fees	2,935	41,729
Tax Fees	80,850	7,716
	<u>\$ 508,785</u>	<u>\$ 454,445</u>

Audit fees in 2017 and 2016 include fees for professional services rendered for the audit of the Company's annual financial statements.

Other fees incurred in 2017 and 2016 relate to the development and audit of an enhanced ethical business practices program.

Tax fees incurred in 2017 and 2016 relate to advice provided on compliance matters and advice relating to PPP entities. Tax fees in 2017 also includes tax due diligence services.

8.4 Audit Committee Charter

See Appendix B for text of the Audit Committee Charter.

9. 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, 2017.

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During 2017, 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.

11. TRANSFER AGENTS AND REGISTRARS

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

12. MATERIAL CONTRACTS

There were no 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,

2017 or before the most recently completed financial year but that are still in effect.

13. INTERESTS OF EXPERTS

KPMG LLP are the auditors of the Company and have confirmed, with respect to the Company, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

14. 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 9, 2018. Additional financial information is provided in the Company's financial statements and MD&A for the year ended December 31, 2017. A copy of these documents may be obtained upon request from Investor Relations, at 5700 Explorer Drive, Suite 400, Mississauga, 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.

15. BOARD OF DIRECTORS MANDATE - APPENDIX A

BOARD MANDATE - DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board of Directors (the “Board”) of Bird Construction Inc. (the “Company” or “Bird”) is responsible for the stewardship and oversight of the management of the Company in accordance with obligations under the articles of incorporation, by-laws and applicable laws.

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 and the Company’s shareholders (“Shareholders”). In carrying out these responsibilities and discharging its obligations, the Board will, either directly or through its committees, perform the duties and adhere to the guidelines set out in the Mandate of the Board of Directors & Corporate Governance Guidelines.

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

1.1 STRATEGIC PLANNING AND PERFORMANCE

- a) Approving the Company’s vision, mission and value statements.
- b) Reviewing the effectiveness of the Company’s strategic planning process and annually approving the strategic plan.
- c) Monitoring the Company’s performance against the overall business objectives and strategic plans and taking action when performance falls short of its goals or when other special circumstances (for example acquisitions) warrant it.
- d) Establishing annual performance expectations and corporate goals and objectives for the President & Chief Executive Officer (CEO), monitoring progress against those expectations and taking appropriate action when performance falls short.
- e) Reviewing and approving all major strategic initiatives, investments and transactions.

1.2 PRINCIPAL RISKS

- a) Overseeing risk management at the Company, balancing risks and rewards while ensuring that management has in place policies, processes and procedures designed to identify and effectively measure, manage and mitigate the principal risks of the Company’s business.
- b) Reviewing the systems implemented by management to manage the Company’s risk and approve the Company’s risk appetite.
- c) Reviewing and approving significant policies and practices that ensure compliance with applicable regulatory, corporate, securities and other legal requirements.
- d) Reviewing the principal risks of the Company’s business and the appropriateness of the systems put in place to measure, manage and mitigate these risks.

1.3 EXECUTIVE MANAGEMENT TEAM

- a) Selecting the President & Chief Executive Officer and approving the selection of the other executive officers of the Company.
- b) Satisfying itself, to the extent feasible, of the integrity and effectiveness of the President & Chief Executive Officer and the other executive officers of the Company.
- c) Establishing an effective system of remuneration that is congruent with the Company’s strategic plans.
- d) Overseeing the Company’s succession planning process including the appointment, training, compensation and performance assessment of the non-executive Chair of the Board (the “Chair”), Board

committee chairs, directors of the Board (“Directors”), the President & Chief Executive Officer and other executive officers of the Company.

- e) Delegating to management powers to effectively manage the Company. In particular, in respect of, the day-to-day business of the Company, within a policy and budget framework established by the Board.

1.4 FINANCIAL REPORTING AND INTERNAL CONTROLS

- a) Reviewing the effectiveness of the Company’s internal controls and management information systems.
- b) Reviewing and approving the Company’s annual and quarterly financial statements and management discussion and analysis, annual information form, management proxy circular and other public disclosure documents that require board approval.
- c) Overseeing compliance with applicable audit, accounting and reporting requirements.
- d) Approving dividends, as well as capital allocations, expenditures and transactions which exceed threshold amounts set by the Board.

1.5 GOVERNANCE

- a) Providing stewardship and using its collective expertise, skills, experiences and competencies, to probe, provide proactive, timely, objective and thoughtful guidance to, and oversight of, senior management.
- b) Developing the Company’s approach to corporate governance, including establishing and maintaining corporate governance guidelines.
- c) Establishing appropriate structures and procedures to allow the Board to function independently of management.
- d) Establishing Board committees, appointing Board committee chairs and approving their respective charters to assist the Board in carrying out its duties and responsibilities.
- e) Evaluating, on a regular basis, the Board, its committees and individual directors, and reviewing the composition and size of the Board and its committees with a view to the skills, contribution, effectiveness and independence of the Board and its members.

16. AUDIT COMMITTEE CHARTER - APPENDIX B

1. PURPOSE

The Board of Directors (the "Board") of Bird Construction Inc. (the "Company") has established the Audit Committee (the "Committee") as a standing committee of the Board. Its purpose is to assist the Board in fulfilling its oversight responsibilities for:

- i. the integrity of the Company's financial reporting;
- ii. the effectiveness of the Company's internal control systems;
- iii. the qualifications, independence, performance and appointment of the external auditors of the Company (the "external auditors");
- iv. the Company's compliance with legal and regulatory requirements;
- v. transactions involving related parties;
- vi. the management of the Company's major financial risks; and
- vii. any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. OPERATIONS AND PROCEDURES

This section establishes the framework of operations and procedures of the Committee, provided that, subject to the powers and duties of the Board, the Committee shall have all the powers available at law and necessary for it to carry out its mandate, responsibilities and obligations as set out herein.

2.1. Composition and Qualifications

The Committee will consist of minimum of four (4) or more directors of the Company ("Directors") as determined by the Board. Each member of the Committee will be: (i) a Director who is not an officer or employee of the Company or an affiliate of the Company; and (ii) "independent" for the purposes of applicable corporate and securities legislation of Canada.

The Board will, having considered the recommendation of the Human Resource, Safety & Governance Committee, appoint the members of the Committee (the "Members") and the chair of the Committee (the "Chair") annually following the meeting of the shareholders of the Company at which Directors are elected each year.

All members of the Committee shall be financially literate. Members will not serve on more than three public company audit committees without the prior approval of the Board.

2.2. Orientation

The Committee shall adopt an orientation program for new Members. All Members are encouraged to attend educational programs to enhance their Audit Committee membership, as they feel appropriate, and any reimbursement of the costs of each program may be paid by the Company in accordance with the Director Reimbursable Expense Policy.

2.3. Duties and Responsibilities of the Committee Chair

The Board will in each year appoint the Chair. The Chair shall have accounting or related financial expertise. 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.

The Chair is responsible for:

- a) convening Committee meetings and designating the times and places of those meetings;
- b) ensuring Committee meetings are duly convened and that a quorum is present when required for matters to be voted upon;

- c) working with the Company's Corporate Secretary and/or the Assistant Corporate Secretary, as applicable, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as required, on the development of agendas and related materials for Committee meetings;
- d) ensuring Committee meetings are conducted in an efficient and effective manner;
- e) ensuring the Committee has sufficient information to permit it to properly make decisions when required;
- f) providing leadership to the Committee and leading the Committee in reviewing and monitoring its responsibilities;
- g) reporting to the Board on the recommendations and decisions of the Committee; and
- h) receiving and bringing to the Committee for review complaints delivered pursuant to the Company's Whistleblower Policy.

2.4. Delegation of Authority

In its discretion, the Committee may delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee, provided that any such subcommittee shall be governed by the terms of reference upon such delegation.

2.5. Meetings

The following rules shall govern the constitution of and procedures in relation to the Committee's meetings:

- a) the Committee shall meet at the request of the external auditors, Chair of the Board or any member of the Committee, at least once every quarter and as many additional times as circumstances may require;
- b) notices of meetings shall be sent to all Committee members, to the Chair of the Board, to all other Directors, to the CEO and to the CFO;
- c) a majority of Members, whether present in person, by teleconference or by videoconference shall constitute a quorum. Any decision or determination of the Committee reduced to writing and signed by all of the Members shall be fully as effective as if it had been made at a meeting duly called and held;
- d) in the absence of the Chair, the Members may choose another Member to be chair of the meeting;
- e) the Corporate Secretary, or such other person as may be appointed by the Chair, will act as secretary of the Committee and keep minutes of Committee meetings;
- f) the minutes of the Committee will be in writing and, upon approval by the Committee, duly entered into the books of the Company and circulated or otherwise made available to all members of the Board; and
- g) the Committee will invite other members of the Board, members of management or others to attend meetings and provide pertinent information, as necessary.

The external auditors are entitled to receive notice of every meeting of the Committee and, at the expense of the Company, to attend and be heard, and, if so requested by a Member, shall attend every meeting of the Committee held during the term of office of the external auditors.

2.6. Resignation, Removal and Vacancy

A Member may resign from the Committee or may be removed at any time by and at the discretion of the Board. A Member will automatically cease to be a Member as soon as the Member ceases to be a Director.

The Board may, and where the number of Members falls below the minimum requirement shall, fill vacancies on the Committee which occur between annual elections by appointment from amongst the Directors in accordance with this Charter.

Subject to quorum requirements, if a vacancy exists on the Committee, the remaining Members will be authorized to exercise all the Committee's powers.

2.7. Experts, Professionals, Advisors and Resources

The Committee may retain or appoint, at the Company's expense, such professionals, experts and advisors, and otherwise obtain and deploy such resources, as it deems necessary to carry out its duties, including to investigate any matter or activity within its mandate in accordance with this Charter, and, if so retained, shall set and pay the compensation of duly appointed professionals, experts and advisors. The Committee shall provide notice to the Board of its actions in this regard.

3. MANDATE OF THE COMMITTEE

The Committee is hereby delegated the duties and powers in section 158 of the *Business Corporations Act* (Ontario) and without limiting these duties and powers, the Committee will, either directly or through one or more subcommittees, perform the duties set out in this Charter and such other duties as may be necessary or appropriate including:

3.1 Financial Reporting

- a) review, together with management and the external auditors, and recommend to the Board approval of, the audited annual financial statements and related management's discussion and analysis ("MD&A"), the annual information form ("AIF"), the management information circular ("MIC") and any other related financial or non-financial (as considered appropriate) information in material public disclosure;
- b) review, together with management and, where necessary, the external auditors, and recommend to the Board approval of the public release of, the unaudited interim financial statements and related MD&A, and any other related financial or non-financial (as considered appropriate) information in material public disclosure;
- c) each reporting period review, together with management and the external auditors:
 - i. the appropriateness of, and any changes to, the Company's accounting policies and financial reporting, including the selection or application of accounting principles and the appropriateness of non-GAAP measures;
 - ii. the accounting treatment, presentation and impact of significant risks and uncertainties, including legal claims and contingencies;
 - iii. any material relevant proposed changes in accounting standards, securities policies or regulations and all applicable laws or regulations;
 - iv. key estimates and judgments of management;
 - v. significant accounting and financial reporting issues and the method of resolution; and
 - vi. tax and tax planning matters that are material to the financial statements;
- d) seek confirmation from management that the Company's annual and interim financial filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of the relevant date and for the relevant periods, prior to recommending to the Board for approval; and
- e) satisfy itself that adequate procedures are in place for the review of financial information extracted or derived from the Company's financial statements that is to be publicly disclosed and has not otherwise been reviewed by the Committee.

3.2 Internal Controls

- a) review the Company's internal controls (including management information systems and information technology security and control) and oversee the maintenance and effectiveness of the Company's internal controls, including those related to the prevention, identification and detection of fraud;
- b) require management to design, implement, and maintain appropriate internal controls and internal audit procedures;
- c) review and monitor the Company's corporate policies as the Committee considers appropriate;

- d) understand the scope of the external auditors' review of the Company's internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- e) review interim certificates on the design effectiveness of internal controls over financial reporting and disclosure controls and procedures;
- f) review, annually, management's certifications and assessment of the Company's internal control over financial reporting;
- g) review as required, correspondence relating to inquiries or investigations by regulators concerning internal controls or financial reporting;
- h) review expenses incurred by the chair of the Board and CEO and confirm that the CEO reviews all expenses incurred by direct reports; and
- i) review complaints received pursuant to the Company's Whistleblower Policy and make recommendation to the Board.

3.3 Internal Audit

- a) at least annually, assess the adequacy of the Company's internal audit systems/procedures and consider whether the Company should establish a separate internal audit function.

3.4 External Audit

- a) oversee the work and review and evaluate the performance and independence of the external auditors, and make recommendations to the Board regarding the appointment or discharge of the external auditors. In performing this oversight and review, the Committee will:
 - i. at least annually, obtain and review a report by the external auditors describing: (A) the external auditors' internal quality control procedures and internal procedures to ensure independence; (B) any material issues raised by the most recent internal quality control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and (C) all relationships between the external auditors and the Company, including details of all non-audit services provided;
 - ii. take into account the opinions of management; and
 - iii. evaluate the lead partner of the external auditors and review the external auditors' partner rotation;
- b) review the terms of the external auditors' engagement, the total fees payable, the annual audit plan and scope of the external audit, including assurance that the audit plan is risk-based and appropriately addresses the risks of material misstatement and make recommendations to the Board as appropriate;
- c) receive and review from the external auditors any notice/report on items required to be communicated to the Committee by applicable rules and regulations, and take such action and make recommendations to the Board as appropriate in connection therewith;
- d) review external auditors' audit findings reports with the external auditors and management including: (A) the quality of the financial statements; (B) the external auditors' evaluation of the Company's internal control over financial reporting; (C) the degree of cooperation the external auditors received from management, including any difficulties experienced and any restrictions imposed; (D) any concerns expressed by the external auditors related to accounting and auditing matters, including the risk of material misstatements; (E) the appropriateness and quality of all critical accounting policies and practices used by the Company and of the selection of new policies and practices; and (F) any material judgments that have been discussed with management, the ramifications of their use and the external auditors' preferred treatment, as well as any other

material communications with management, and advise the Board of these matters as considered appropriate;

- e) pre-approve any non-audit services to be provided to the Company by the external auditors, with reference to compatibility of the service and the external auditors' independence;
- f) review any other material communication received from the external auditor;
- g) review and approve the Company's hiring policies for employees or former employees of the present or former external auditors;
- h) resolve any disagreements between management of the Company and the external auditors; and
- i) at least annually, meet separately with the external auditors, outside the presence of management of the Company, to discuss any matters that the Committee or external auditors believe should be discussed privately.

3.5 Legal and Regulatory Compliance

- a) review the effectiveness of the system for monitoring compliance with laws and regulations and the results of related monitoring and oversight, including management's investigation and follow-up of any instances of non-compliance;
- b) review any anticipated major claims and actual litigation, 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 or other public documents; and
- c) annually review of the policies of the Company with respect to financial risk and ensure adequate and effective systems are in place to enforce compliance; and

3.6 Financial Risk Management

- a) at least annually, review and assess the adequacy of the Company's major financial risk management policies and procedures with regard to the identification of the Company's major financial risks. "Major financial risk" includes counterparty, credit, currency, interest rate, capital markets, commodity pricing, and such other risk identified by the Board;
- b) review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the Company's major financial risks;
- c) monitor the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures; and
- d) at least annually review, the Company's insurance programs, including insurance coverages, and make recommendations to the Board in light of the Company's strategic plans and risk appetite.

3.7 Related Party Transactions

- a) review, approve as considered appropriate and monitor as considered necessary, all related party transactions and the measurement criteria and benchmarks for permitted related party transactions.

3.8 Other Reporting and Communication Responsibilities

- a) oversee appropriate disclosure of this Charter, and other information required to be disclosed by applicable legislation, in the AIF, MD&A and MIC and all other disclosure documents as applicable;
- b) report regularly to the Board on Committee activities, issues and related recommendations, including as specifically required in this Charter; and

- c) establish and maintain direct communication channels with management of the Company, the external auditors and the Board.

3.9 Annual Review and Assessment

- a) conduct an evaluation of the Committee's performance and assess the adequacy of the Audit Committee Charter, at least annually, and recommend to the Board such amendments to the Charter as the Committee deems necessary; and
- b) confirm annually that all responsibilities outlined in the Audit Committee Charter have been carried out.