



GWR GLOBAL WATER RESOURCES CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON
APRIL 25, 2016**

March 18, 2016

These materials are important and require your immediate attention. They require the shareholders of GWR Global Water Resources Corp. to make important decisions. If you are in doubt as to how to make such decisions please contact your financial, tax, investment, legal or other professional advisors. If you have any questions or require more information with regard to the procedure for voting, please contact GWR Global Water Resources Corp.'s transfer agent, TMX Equity Transfer Services at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or at 1.866.393.4891 toll-free or by email at TMXEInvestorServices@tmx.com.

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March 18, 2016

Dear Shareholder:

The board of directors of GWR Global Water Resources Corp. (“**GWRC**” or “**we**”) is pleased to invite you to attend the annual and special meeting (the “**Meeting**”) of GWRC’s shareholders to be held at the Toronto Region Board of Trade, First Canadian Place, Suite 350, Ketchum/Osgoode, 77 Adelaide Street West, Toronto, Ontario on April 25, 2016 commencing at 9:00 a.m. (Eastern Standard Time).

At the Meeting, in addition to considering matters relating to our usual annual business as outlined in the accompanying Notice of Meeting, you will be asked to consider and, if determined advisable, to pass, with or without amendment, a special resolution (the “**Arrangement Resolution**”) with respect to a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**Arrangement**”) involving GWRC and Global Water Resources, Inc. (“**GWRI**”). GWRC was organized in 2010 to acquire shares in GWRI and its sole asset consists of an equity interest in GWRI. The public shareholders of GWRC currently indirectly own, in the aggregate, an approximate 37.5% equity interest in GWRI and certain private shareholders currently directly and indirectly own, in the aggregate, an approximate 62.5% equity interest in GWRI. On the date which the Arrangement becomes effective (the “**Effective Date**”), GWRC will merge with and into GWRI under the General Corporation Law of the State of Delaware (the “**Merger**”) and, as a result, GWRC will cease to exist as a British Columbia corporation and GWRI will be the surviving entity of the Merger.

On the Effective Date, as more particularly described in the accompanying management information circular, you will receive one share of common stock of GWRI for each common share of GWRC (a “**Common Share**”) that you hold immediately prior to completion of the Arrangement. As a result, on completion of the Arrangement, and without giving effect to any stock issued in the U.S. IPO described below, the current public shareholders of GWRC will own, in the aggregate, an approximate 37.5% equity interest in GWRI and the current private shareholders of GWRC and GWRI will own an approximate 62.5% equity interest in GWRI. Accordingly, your economic interests in respect of GWRI will remain unchanged and, instead of holding your interest in GWRI indirectly through GWRC, you will hold your interest in GWRI directly through ownership of shares of common stock of GWRI.

The Arrangement is part of our overall plan to simplify our corporate structure by eliminating one level of holding company ownership, refinance the outstanding tax-exempt bonds of GWRI on more favourable terms (as described below), improve liquidity for shareholders over the medium to long-term and have a single governing jurisdiction in the U.S., where all of the assets, operations and employees of the business are located. GWRI has applied to have its shares of common stock (including those issued to GWRC shareholders on completion of the Arrangement) listed for trading on the NASDAQ Global Market (“**NASDAQ**”) under the trading

symbol “GWRS”. The listing on the NASDAQ is expected to improve GWRI’s liquidity and widen its investor base, thereby enhancing shareholder value over the medium to long-term. Completion of the Arrangement is conditional on the listing of the shares of common stock of GWRI on the NASDAQ. On the Effective Date, all of the shares of common stock of GWRI will also be listed on the Toronto Stock Exchange under the trading symbol “GWR”.

Concurrent with the announcement of the Arrangement, GWRI announced that it has filed a registration statement on Form S-1 with the U.S. Securities and Exchange Commission (the “SEC”) for a proposed primary offering of its shares of common stock (the “U.S. IPO”). The Arrangement and the U.S. IPO are cross-conditional and will only be completed concurrently. GWRI intends to use the net proceeds of the U.S. IPO for working capital and other general corporate purposes. On completion of the U.S. IPO, GWRI will have the right to redeem all of its outstanding tax-exempt bonds at a price of 103% of the principal amount, plus interest accrued at the redemption date. As of December 31, 2015, the principal balance of such bonds was U.S.\$106.7 million. Following completion of the U.S. IPO, GWRI plans to refinance these bonds and, based on discussions with lenders, believes it can reduce the effective interest rate on the outstanding balance by 75 to 150 basis points. The size and timing of the U.S. IPO, the application of the net proceeds therefrom and the refinancing of GWRI’s tax-exempt bonds at reduced interest rates or at all will depend on a number of factors that are beyond GWRI’s control, including market conditions and SEC review, and therefore the completion of the U.S. IPO and/or the bond refinancing cannot be assured.

On completion of the Arrangement, GWRI will become a reporting issuer in each of the provinces and territories of Canada and will be subject to continuous disclosure obligations under the applicable securities laws of such jurisdictions. It is expected that GWRI will qualify as an “SEC foreign issuer” under Canadian securities laws, which means that GWRI will be exempt from the continuous disclosure requirements of Canadian securities laws, subject to certain exceptions, if it complies with the reporting requirements applicable in the U.S.

To become effective, the Arrangement Resolution must be approved by: (i) at least 66⅔% of the votes cast by shareholders of GWRC present in person or represented by proxy at the meeting (assuming a quorum of Common Shares are represented at the meeting in person or by proxy); and (ii) at least a majority of the votes cast by shareholders of GWRC present in person or represented by proxy at the meeting, excluding the votes cast in respect of the Common Shares held by certain directors and shareholders of GWRC. The Arrangement also requires the approval of the Supreme Court of British Columbia. Dissenting shareholders of GWRC have the right to be paid the fair value of their Common Shares under Division 2 of Part 8 of the *Business Corporations Act* (British Columbia).

The board of directors of GWRC has determined that the Arrangement is in the best interests of GWRC and has unanimously approved the Arrangement (with Mr. William S. Levine and Mr. Trevor T. Hill, interested directors, abstaining) and recommends that shareholders vote FOR the Arrangement Resolution. The Arrangement represents the culmination of a strategic review process initiated by the board of directors in 2012 to generate shareholder value. In making its recommendation, the board of directors considered a number of factors as described in the management information circular under “*The Arrangement – Approval and Recommendation of the Board of Directors*”.

All of the directors and the executive officers of GWRC who own Common Shares (including Mr. William S. Levine who has control or direction over approximately 18.3% of the outstanding Common Shares) have advised the board of directors that they intend to vote their Common Shares **FOR** the Arrangement.

The management information circular and the documents incorporated by reference therein contain a detailed description of the Arrangement, certain other information to assist you in considering how to vote on the Arrangement Resolution and information regarding annual business to be considered at the Meeting. We urge you to carefully consider all of the information in the management information circular and the documents incorporated by reference therein. If you require assistance, please consult your financial, tax, investment, legal or other professional advisors.

This is an important matter affecting the future of GWRC and your vote is important regardless of the number of Common Shares you own. We also encourage you to take the time now to read the instructions provided to you by your broker, trustee, financial institution, custodian, nominee or other intermediary and complete the enclosed voting instruction form or form of proxy so that your Common Shares can be voted at the meeting in accordance with your instructions.

Subject to obtaining British Columbia Supreme Court approvals and the satisfaction of all other conditions to closing of the Arrangement, if the shareholders of GWRC approve the Arrangement Resolution, it is anticipated that the Arrangement will be completed in the second quarter of 2016.

On behalf of the board of directors, I would like to thank all shareholders of GWRC for their ongoing support as we prepare to take part in this important event in the history of GWRC.

We look forward to seeing you at the meeting.

Yours very truly,

“Richard M. Alexander”

Richard M. Alexander
Director



GWR GLOBAL WATER RESOURCES CORP.

**NOTICE OF ANNUAL AND SPECIAL MEETING
OF THE HOLDERS OF
COMMON SHARES
TO BE HELD ON APRIL 25, 2016**

(the “Notice of Meeting”)

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (the “**Common Shares**”) of GWR Global Water Resources Corp. (“**GWRC**”) will be held at the Toronto Region Board of Trade, First Canadian Place, Suite 350, Ketchum/Osgoode, 77 Adelaide Street West, Toronto, Ontario on April 25, 2016 commencing at 9:00 a.m. (Eastern Standard Time) for the following purposes:

1. to receive the financial statements of GWRC (including the consolidated financial statements of Global Water Resources, Inc.) for the period ended December 31, 2015, together with the report of the auditors thereon;
2. to re-appoint the auditors and authorize the board of directors of GWRC (the “**Board of Directors**”) to fix the remuneration of the auditors;
3. to elect five members to the Board of Directors;
4. to consider, pursuant to an order of the Supreme Court of British Columbia dated March 18, 2016, as the same may be amended (the “**Interim Order**”) and, if determined advisable, to pass, with or without amendment, a special resolution of Shareholders (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix B to the accompanying management information circular of GWRC dated March 18, 2016 (the “**Circular**”), approving an arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), all as more particularly described in the Circular; and
5. to transact such further and other matters or business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 9, 2016 as the record date (the “**Record Date**”) to determine which Shareholders are entitled to receive notice of and vote at the Meeting. Only Shareholders of record at the close of business on the Record Date will be entitled to receive notice of the Meeting and attend and vote at the Meeting. Each outstanding

Common Share entitled to be voted at the Meeting will entitle the holder thereof to one vote at the Meeting.

The Arrangement and the Arrangement Resolution are described in the Circular. This Notice of Meeting is accompanied by the Circular, and a form of proxy or a voting instruction form. The Circular is your guide to the business to be conducted at the Meeting and provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice of Meeting. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Meeting will be held at a time and place to be specified either by GWRC before the Meeting or by the Chairman of the Board of Directors at the Meeting.

Shareholders whose names appear in the register of Shareholders maintained by or on behalf of GWRC (“**Registered Shareholders**”) have a right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid an amount equal to the fair value of their Common Shares. The dissent procedures require that: (a) a Registered Shareholder who wishes to dissent must send a written notice of objection to the Arrangement Resolution to GWRC, c/o Lawson Lundell LLP, Suite 1600, Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3L2, Attention: Kinji C. Bouchier, to be received by no later than 5:00 p.m. (Eastern Standard Time) on April 22, 2016 (or if the Meeting is adjourned or postponed, 5:00 p.m. (Eastern Standard Time) on the day that is at least two days before the date of such adjourned or postponed Meeting, or if such day is not a business day, the next succeeding day which is a business day); (b) the Shareholder must not have voted in favour of the Arrangement Resolution; and (c) the Shareholder must have otherwise strictly complied with the dissent procedures described in this Circular, including the relevant provisions of Division 2 of Part 8 of the BCBCA, as modified by the Interim Order. Currently, CDS Clearing and Depository Services Inc. or its nominee is the sole Registered Shareholder. Accordingly, a non-Registered Shareholder who desires to exercise the right of dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in the holder’s name prior to the time the written objection to the Arrangement Resolution is required to be received by GWRC or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on the holder’s behalf. **It is recommended that you seek independent legal advice if you wish to exercise your right of dissent. Failure to strictly comply with the dissent procedures may result in the loss or unavailability of the right to dissent.** These rights are described in detail in the Circular under “*The Arrangement — Dissent Rights of Shareholders*”. The text of Division 2 of Part 8 of the BCBCA, which will be relevant in any dissent proceeding, is set forth in Appendix G to the Circular.

DATED at Calgary, Alberta, this 18th day of March, 2016.

By Order of the Board of Directors,

“Richard M. Alexander”

Richard M. Alexander
Director

MANAGEMENT INFORMATION CIRCULAR

See “*Glossary of Terms*” beginning on page 119 of this management information circular (“**Circular**”) for the meaning assigned to certain capitalized terms used herein.

Introduction

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of GWR Global Water Resources Corp. (“**GWRC**”, “**we**” or “**our**”) for use at the annual and special meeting of the holders of common shares of GWRC (“**Shareholders**”) and any adjournment(s) or postponement(s) thereof (the “**Meeting**”) to be held at the Toronto Region Board of Trade, First Canadian Place, Suite 350, Ketchum/Osgoode, 77 Adelaide Street West, Toronto, Ontario on April 25, 2016 commencing at 9:00 a.m. (Eastern Standard Time) for the purposes indicated in the notice of meeting (the “**Notice of Meeting**”).

As of the date of this Circular, CDS is the only Shareholder whose name appears in the register of Shareholders maintained by or on behalf of GWRC (“**Registered Shareholder**”). Therefore, if you held common shares of GWRC (“**Common Shares**”) at the close of business on March 9, 2016, you are a beneficial shareholder (“**Beneficial Shareholder**”) and are entitled to receive notice of, attend and vote at the Meeting as further described in this Circular.

All summaries of, and references to, the Arrangement and the Arrangement Agreement in this Circular are qualified in their entirety by reference, in the case of the Arrangement, to the complete text of the Plan of Arrangement, a copy of which is attached as Appendix F to this Circular, and in the case of the Arrangement Agreement, to the complete text of such agreement, which is available on SEDAR at www.sedar.com. You are urged to read carefully the full text of the Plan of Arrangement and the Arrangement Agreement.

Information Contained In This Circular

The information contained in this Circular is given as at February 29, 2016, except where otherwise noted.

No person has been authorized to give information or to make any representations in connection with the Arrangement or other matters described herein other than those contained or incorporated by reference in this Circular and, if given or made, any such information or representations should not be relied upon in making a decision as to how to vote on the Arrangement Resolution or be considered to have been authorized by GWRC or Global Water Resources, Inc. (“**GWRI**”).

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Shareholders should not construe the contents of this Circular as legal, tax, investment or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, investment, financial or other matters contained in this Circular.

Cautionary Notice Regarding Forward-Looking Statements and Information

Certain statements included herein are forward-looking in nature and may constitute “forward-looking information” within the meaning of applicable securities law (collectively, “**forward-looking statements**”). All statements included in this Circular that address future activities, events, developments or financial performance are forward-looking statements. These forward-looking statements may be identified by the use of forward-looking words such as “could”, “would”, “may”, “might”, “will”, “expect”, “likely”, “continue”, “believes”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “estimates”, “objective” or the negative thereof or similar variations. In particular, statements about the proposed Arrangement, including the expected timing and completion of the Arrangement, the timing of the Meeting and the receipt of Shareholder approval, the treatment of Shareholders, GWRC and GWRI under tax laws, the completion of the U.S. IPO, GWRI’s plans to refinance its outstanding tax-exempt bonds and its expectations regarding the potential interest savings resulting from the refinancing and any other statements regarding GWRC and GWRI’s future growth, results of operations, performance and business prospects and opportunities and other future events are or involve forward-looking statements. These forward-looking statements are based on certain assumptions and analyses made by GWRC and its management, in light of its industry experiences and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances, including, but not limited to, that Shareholders and the Court will approve the Arrangement, and that all other conditions to the completion of the Arrangement will be satisfied or waived. Shareholders are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties, assumptions and other factors, many of which are beyond the control of GWRC, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions pertaining, but not limited, to the fact that the expected completion of the Arrangement is subject to closing conditions and termination rights some of which are beyond GWRC’s control, receipt of Shareholder approval and Court approval for the Arrangement, the satisfaction or waiver of certain other conditions contemplated by the Arrangement Agreement, including the completion of the U.S. IPO, the value of GWRC’s property at the time of the Merger which will impact the tax consequences of the Merger to GWRC and GWRI, changes or developments in global, national or regional political conditions (including any act of terrorism or war), changes in government laws or regulations (including tax laws) and changes in International Financial Reporting Standards (“**IFRS**”) or regulatory accounting requirements, which could cause actual results to differ materially from future results expressed, projected or implied by the forward-looking statements. In addition to general economic conditions, there are specific risks described in the AIF in the “Risk Factors” section. GWRC cannot give any assurance that such forward-looking statements will prove to be correct. Although GWRC has no knowledge that would indicate that any statements contained herein concerning any other parties are untrue or incomplete, neither GWRC, nor any of its affiliates or associates, nor any of their respective directors or officers, assumes any responsibility for the accuracy or completeness of such information or for any failure

of any other parties to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to GWRC.

Readers are cautioned that the foregoing lists are not exhaustive. Readers should carefully review and consider the risk factors described in “*The Arrangement – Risk Factors Related to the Arrangement, the Ownership of Shares of Common Stock of GWRI and GWRI and the Industry in Which it Operates*”, “*The Arrangement — Certain Canadian Federal Income Tax Considerations*”, “*The Arrangement — Certain United States Federal Income Tax Considerations*”, and other risks described elsewhere in this Circular. Additional risks and uncertainties affecting the operations or financial results of GWRC are included in reports on file with applicable securities regulatory authorities and may be accessed by going to SEDAR at www.sedar.com or GWRC’s website at www.gwresources.com. GWRC’s website, although referenced, does not form a part of this Circular. Such forward-looking statements should, therefore, be construed in light of such factors. If any of these risks or uncertainties were to materialize, or if the factors and assumptions underlying the forward-looking statements were to prove incorrect, actual results could vary materially from those that are expressed or implied by the forward-looking information contained herein. All forward-looking statements attributable to GWRC, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements set forth above. Readers of this Circular are cautioned not to place undue reliance on forward-looking statements contained in this Circular, which reflect the analysis of the management of GWRC only as of the date of this Circular. GWRC assumes no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, to reflect new events, circumstances or otherwise, except as required by applicable law.

Notice to Shareholders in the United States

GWRC is a corporation organized under the laws of British Columbia. The solicitation of proxies and the transactions contemplated in connection with the Arrangement involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate laws and securities laws. The proxy rules under the *United States Securities Exchange Act of 1934*, as amended (the “**U.S. Exchange Act**”), are not applicable to GWRC or this solicitation and therefore this solicitation is not being effected in accordance with such rules. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements. Shareholders should be aware that such disclosure requirements under Canadian laws are different from disclosure requirements under the U.S. Exchange Act.

In addition, the securities to be issued pursuant to the Arrangement have not been and will not be registered under the *U.S. Securities Act of 1933*, as amended (the “**1933 Act**”), and such securities will be issued in reliance upon the exemption from the registration requirements of the 1933 Act as set forth in Section 3(a)(10) thereof and only to the extent that corresponding exemptions from the registration or qualification requirements of state “blue sky” securities laws are available. Shareholders in the U.S. should be aware that Canadian disclosure requirements are different from those of the U.S. applicable to registration statements under the 1933 Act and proxy statements under the U.S. Exchange Act. Specifically, the information concerning the operations of GWRC and GWRI contained or incorporated by reference herein has been prepared in

accordance with Canadian disclosure requirements, which are not comparable in all respects to U.S. disclosure requirements.

The 1933 Act imposes restrictions on the resale of securities received pursuant to the Arrangement by persons who will be “affiliates” (as such term is defined in Rule 144 under the 1933 Act) of the issuer of such securities after the Arrangement or were “affiliates” of the issuer of such securities within 90 days before the Effective Time.

The enforcement by investors of civil liabilities under U.S. securities laws may be affected adversely by the fact that GWRC is organized under the laws of British Columbia and that two of its five directors are located outside the U.S. You may not be able to sue a Canadian company or its officers or directors in a Canadian court for violations of U.S. securities laws. It may be difficult to compel a Canadian company and its affiliates to subject themselves to a judgment by a U.S. court.

Shareholders in the U.S. should be aware that the disposition of Common Shares by them as described herein may have tax consequences both in the U.S. and in Canada. Such consequences may not be fully described herein and such Shareholders are urged to consult their tax advisors as to the tax consequences of the Arrangement. Certain information concerning tax consequences of the Arrangement for Shareholders who are U.S. taxpayers is set forth in “*The Arrangement – Certain Canadian Federal Income Tax Considerations*” and “*The Arrangement – Certain United States Federal Income Tax Considerations*”.

THE ARRANGEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES REGULATORY AUTHORITY IN ANY STATE IN THE UNITED STATES NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Notice to Shareholders in Canada

All securities to be issued under the Arrangement, including the shares of common stock of GWRI, will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws and, following completion of the Arrangement, the shares of common stock of GWRI will generally be “freely tradable” (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable securities laws of the provinces and territories of Canada.

Information for Beneficial Shareholders

Overview of Book-Entry Only Registration of Common Shares

At the date of this Circular, CDS Clearing and Depository Services Inc. or its nominee (“CDS”) is the only registered holder of the Common Shares.

CDS and intermediaries (such as banks, trust companies, securities dealers and brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) (each, an “**Intermediary**”) with whom you deal in respect of the Common Shares that you own, maintain written records (book-entries) of the identity of the Beneficial Shareholders of Common Shares and how many Common Shares they beneficially own. In this Circular, references to “Beneficial Shareholders” means persons who are shown in the book-entry system as beneficial owners of Common Shares.

In accordance with Canadian securities law, GWRC has distributed copies of the Notice of Meeting, this Circular and a form of proxy (collectively, the “**Meeting Materials**”) for onward distribution by Intermediaries to Beneficial Shareholders.

Intermediaries are required to forward Meeting Materials to you as a Beneficial Shareholder. Typically, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc. (“**Broadridge**”)) to forward the Meeting Materials to Beneficial Shareholders.

Request for Voting Instructions

Beneficial Shareholders will receive a voting instruction form with their Meeting Materials. The purpose of this form is to permit you as a Beneficial Shareholder to direct the voting of the Common Shares you own. As a Beneficial Shareholder, you should do the following:

If You Do Not Wish to Attend the Meeting.

If, as a Beneficial Shareholder, you do not wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), complete and sign the voting instruction form and return it in accordance with the instructions on the form. Voting instruction forms sent by Broadridge also permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvote.com. As a Beneficial Shareholder, you may revoke a voting instruction form given to an Intermediary in accordance with any instructions indicated on the voting instruction form or as otherwise communicated by your Intermediary.

If You Wish to Attend the Meeting (or Have Someone You Choose Attend for You).

If, as a Beneficial Shareholder, you wish to attend and vote at the Meeting in person (or have another person, who need not be a Shareholder, attend and vote on your behalf), you must follow the instructions on the voting instruction form that you receive or seek a form of proxy from your Intermediary.

As a Beneficial Shareholder, you should follow the instructions on the voting instruction form you receive. If you are not sure what to do, you should immediately contact your Intermediary in respect of your Common Shares.

Solicitation of Proxies and Voting Instructions

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally, in writing or by telephone by representatives of GWRC, at nominal cost. GWRC will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of this Circular.

Voting of Proxies

In certain cases, you will not receive a voting instruction form and will instead receive, as part of the Meeting Materials, a form of Proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by you but which is otherwise uncompleted. As a Beneficial Shareholder and upon submission by you (or your designee) of identification satisfactory to the Intermediary's representative, you may also require the Intermediary to sign and deliver to you (or your designee) a proxy to exercise personally the voting rights attaching to the Common Shares you own, if you either (i) have not previously given the Intermediary voting instructions in respect of the Meeting or (ii) submit to such representative written revocation of any such previous instructions.

If a Beneficial Shareholder who receives a form of proxy does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder's behalf), the Beneficial Shareholder must complete the form of proxy and deposit it in accordance with the instructions on the form of proxy, as described below in "*Deposit of Proxies*" or otherwise follow the instructions provided by the Intermediary.

If a Beneficial Shareholder who receives a form of proxy wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder's behalf), the Beneficial Shareholder must strike out the names of the persons named in the proxy and insert the Beneficial Shareholder's (or such other person's) name in the blank space provided.

Appointment of Proxies

The persons named in the form of proxy are representatives of GWRC. **Shareholders have the right to appoint as their proxyholder a person or company other than the GWRC representatives named on the form of proxy.** Shareholders should write the name of the person or company they wish to appoint, who need not be a Shareholder, in the blank space provided on the form of proxy. A Beneficial Shareholder who wishes to appoint as their proxyholder a person or company other than the GWRC representatives named on the voting instruction form should follow the instructions on the voting instruction form that they receive or seek a form of proxy from their Intermediary.

If a Shareholder does not appoint another person or company as proxyholder, the GWRC representatives designated in the form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of any direction, your Common Shares will be voted:

- **FOR** the re-appointment of Deloitte & Touche LLP as auditors of GWRC and to authorize the board of directors of GWRC (the “**Board of Directors**”) to fix the remuneration of the auditors;
- **FOR** the election of each of the five nominees to the Board of Directors listed under the heading “*Annual Matters to be Considered at the Meeting — Election of Directors*”; and
- **FOR** the approval of the Arrangement Resolution.

The form of proxy confers discretionary authority upon the representatives designated in the form of proxy with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, the Board of Directors know of no such amendments, variations or other matters.

Deposit of Proxies

To be valid, proxies must be deposited with TMX Equity Transfer Services (the “**Transfer Agent**”), 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Fax: 416-595-9593 (proxies only), Attention: Proxy Department, in accordance with the instructions thereon, by no later than 5:00 p.m. (Eastern Standard Time) on April 21, 2016 or if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed meeting. Failure to properly complete or deposit a proxy may result in its invalidation. The time limit for the deposit of proxies may be waived by GWRC in its sole discretion without notice. Voting instruction forms should be returned in accordance with the instructions and timing contained on such voting instruction forms.

Revocation of Proxies

Proxies may be revoked:

- (a) by completing and signing a proxy bearing a later date and depositing it with the Transfer Agent as described above;
- (b) by depositing an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing: (i) at the registered office of GWRC at any time up to and including the last business day preceding the date of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used, or (ii) with the chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment of the Meeting; or

- (c) in any other manner approved by law.

You should follow the instructions on the document that you have received and contact your Intermediary promptly if you need assistance.

Procedure and Votes Required in Connection with the Arrangement

The Interim Order provides that only holders of Common Shares at the close of business on the Record Date will be entitled to receive notice of, to attend and to vote at the Meeting.

At the Meeting:

- (a) each Common Share entitled to vote at the Meeting will entitle the holder thereof to one vote at the Meeting in respect of each of the following:
 - (i) the Arrangement Resolution; and
 - (ii) such other business as may properly come before the Meeting,all as more fully described in this Circular;
- (b) the number of votes required to pass the Arrangement Resolution will be: (i) at least 66 $\frac{2}{3}$ % of the votes cast by Shareholders present in person or represented by proxy at the Meeting; and (ii) at least a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting, excluding the votes cast in respect of the Common Shares held by the Excluded Persons; and
- (c) a quorum for the Meeting is the presence, in person or by proxy, of two or more persons (which, for greater certainty, includes non-Registered Shareholders) holding in the aggregate at least 5% of the total number of outstanding Common Shares entitled to vote at the Meeting. If a quorum is present at the opening of the Meeting, the Shareholders present or represented may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, Shareholders present or represented may adjourn the Meeting to a fixed time and place but may not transact any other business.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board of Directors, without further notice to or approval of Shareholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the *Business Corporations Act* (British Columbia) (the “BCBCA”). See Appendix B to this Circular for the full text of the Arrangement Resolution.

Reporting Currency

Unless otherwise indicated, all amounts in this Circular are expressed in U.S. dollars, and “U.S.\$” refers to U.S. dollars and “C\$” refers to Canadian dollars. On March 18, 2016, the noon rate of exchange as reported by the Bank of Canada was U.S.\$1 = C\$1.2982.

PART A — ANNUAL MEETING MATTERS

VOTING SECURITIES OF GWRC AND PRINCIPAL HOLDERS THEREOF

GWRC is authorized to issue an unlimited number of Common Shares. As of March 9, 2016, the record date established for notice of the Meeting (the “**Record Date**”), there were 8,726,747 Common Shares outstanding.

At the Meeting, each Shareholder of record at the close of business on the Record Date will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting.

To the knowledge of the Board of Directors and the executive officers of GWRC, the following persons are the only persons who beneficially owned, or controlled or directed, directly or indirectly, Common Shares carrying 10% or more of the votes attached to the issued and outstanding Common Shares as of the Record Date:

Name	Number of Common Shares beneficially owned, or controlled or directed, directly or indirectly	Approximate percentage of total Common Shares
Levine Investments Limited Partnership ⁽¹⁾	1,600,000	18.3%
Polar Asset Management Partners Inc.	959,900	11.0%

- (1) An entity controlled by Mr. William S. Levine, a member of the Board of Directors. In addition, Levine Investments Limited Partnership owns 44,488 shares of common stock of GWRI, representing an approximate 24.6% interest in GWRI.

ANNUAL MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

The financial statements of GWRC (including the consolidated financial statements of GWRI for the period ended December 31, 2015, together with the report of the auditors thereon) will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding the financial statements, the questions may be brought forward at the Meeting. These financial statements are also available on GWRC’s SEDAR profile at www.sedar.com.

Appointment of Auditors

The management representatives designated in the enclosed form of proxy (if not expressly directed to the contrary in such form) intend to vote **FOR** the re-appointment of Deloitte & Touche LLP as auditor of GWRC to hold office until the next annual meeting of Shareholders and that the Board of Directors be authorized to fix the remuneration of the auditors. Deloitte & Touche LLP has served as auditor of GWRC since GWRC’s inception.

For information about GWRC's Audit and Risk Committee (the "**Audit Committee**") refer to the AIF under the "Audit and Risk Committee" section. In addition, for information about the accounting fees related to GWRC and GWRI that were charged by Deloitte & Touche LLP for the years ended December 31, 2015 and 2014 refer to the AIF under the "Auditor's Fees" section.

Election of Directors

The Board of Directors is currently comprised of five directors, all of whom are being nominated for re-election.

The management representatives designated in the enclosed form of proxy (if not expressly directed to the contrary in such form) intend to vote **FOR** the election, as directors of GWRC, of the nominees whose names are set out below. Management does not contemplate that any of the nominees will be unable to serve as a director of GWRC but, if that should occur for any reason before the Meeting, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each director of GWRC elected at the Meeting will hold office until the close of the next annual meeting or until his or her successor is elected or appointed.

The following table sets forth the names of, and certain information about, the persons nominated for election as directors of GWRC, including the number of Common Shares and shares of common stock of GWRI beneficially owned, or controlled or directed, directly or indirectly as of February 29, 2016. Biographies for each director of GWRC, which include a summary of each director's principal occupation and employment within the five preceding years, are set out on pages 24 through 25 of the AIF and such information is specifically incorporated by reference in this Circular. The AIF can be found under GWRC's SEDAR profile at www.sedar.com. Upon request, GWRC will provide a copy of the AIF free of charge to any requesting Shareholder.

Name and Place of Residence	Position with GWRC	Principal Occupation	Common Shares Owned	Shares of Common Stock of GWRI Owned⁽⁵⁾	Director Since
WILLIAM S. LEVINE Phoenix, Arizona, USA	Director	Managing Partner, Levine Investments Limited Partnership	1,600,000 ⁽¹⁾	44,488 ⁽¹⁾	December 2010
TREVOR T. HILL Phoenix, Arizona, USA	Chairman of the Board of Directors	President and CEO of Global Water Management, LLC	91,667	25,080 ⁽²⁾	March 2010
RICHARD M. ALEXANDER ⁽³⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta, Canada	Director	President and Chief Executive Officer of Parallel Energy Trust	32,500	Nil	December 2010
L. RITA THEIL ⁽³⁾⁽⁴⁾⁽⁵⁾ Aurora, Ontario, Canada	Director	Corporate Finance Director of Pieridae Energy Ltd.	2,666	Nil	December 2010
DAVID C. TEDESCO ⁽³⁾⁽⁴⁾⁽⁵⁾ Scottsdale, Arizona, USA	Director	Chief Executive Officer of True North Companies	Nil	Nil	May 2013

- (1) Mr. Levine holds these shares indirectly through Levine Investments Limited Partnership.
- (2) This includes 5,016 shares of common stock of GWRI held by LPC 2012 Trust, an entity for which Mr. Hill serves as the trustee.
- (3) Member of the Audit and Risk Committee. Mr. Alexander is currently the Chair of the Audit and Risk Committee.
- (3) Member of the Compensation Committee. Mr. Tedesco is currently the Chair of the Compensation Committee.
- (4) Member of the Corporate Governance, Nominating, Environmental and Health & Safety Committee. Ms. Theil is currently the Chair of the Corporate Governance, Nominating, Environmental and Health & Safety Committee.
- (5) Each share of GWRI is approximately equivalent to 100 Common Shares.

All of the directors of GWRC will also serve on the board of directors of GWRI (the “**GWRI Board**”). GWRC currently holds an approximate 47.8% interest in GWRI.

The Board of Directors has three committees, each composed of the three independent directors. The GWRI Board has the same three committees, which are each composed of the same three directors. The three committees are the audit and risk committee (together with the audit and risk committee of GWRI, the “**Audit and Risk Committee**”), the compensation committee (together with the compensation committee of GWRI, the “**Compensation Committee**”) and the governance, nominating, environmental and health & safety committee (together with the governance, nominating, environmental and health & safety committee of GWRI, the “**Corporate Governance, Nominating, Environmental and Health & Safety Committee**”). Details regarding each committee can be found under “*Corporate Governance — Committees of the Board of Directors*”.

For information relating to the composition of the board of directors of GWRI and its committees on completion of the Arrangement, refer to “*Part B — Special Meeting Matters*” under the headings “*Information Concerning GWRC and GWRI — Directors and Executive Officers*”.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

GWRC has no employees and the Chief Executive Officer and Chief Financial Officer are GWRC’s only officers and serve in equivalent roles with GWRI. Since inception, the Chief Executive Officer and Chief Financial Officer of GWRC have received no cash compensation from GWRC for their services as officers of GWRC. See below under the heading “*Objectives of Executive Compensation Program; Components of Compensation*” and “*Employment Agreements*” for further details regarding the compensation and related arrangements for the Chief Executive Officer and Chief Financial Officer of GWRC.

GWRI has entered into a management agreement (the “**Management Agreement**”) with GWRC whereby GWRI has agreed to provide substantially all necessary administrative and management services to GWRC and to fund all fees and other expenses related to the administration of GWRC and its public company reporting and other compliance requirements. GWRI is not entitled to any fee for its services under the Management Agreement. See “*Management Agreement*”. The only services that the Chief Executive Officer and the Chief

Financial Officer provide to GWRC are the services set out in the Management Agreement and they devote the remainder of their time to the business of GWRI.

This section of the Circular explains how the compensation program of GWRC and GWRI (together, “**Global Water**”) is designed and operated with respect to GWRI’s executives, specifically the following named executive officers for 2015 (“**NEOs**”):

- Ron L. Fleming, President and Chief Executive Officer (effective January 2015; interim CEO from May 2014 to January 2015)
- Michael J. Liebman, Chief Financial Officer and Corporate Secretary (effective May 2014)

The GWRI Board, based on recommendations made by the Compensation Committee, makes decisions regarding salaries, annual bonuses and incentive compensation for GWRI’s executive officers and employees and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and GWRI’s other executive officers. The GWRI Board solicits input from the Chief Executive Officer and the Compensation Committee regarding the performance of GWRI’s other executive officers. All cash compensation is paid by GWRI.

The following table sets forth all compensation paid or payable from GWRI in respect of each of the NEOs for services rendered during the financial years ended December 31, 2015, 2014 and 2013.

Summary Compensation Table

Name and principal positions	Year	Salary US\$	Share-based awards US ⁽¹⁾	Option-based awards US ⁽²⁾	Non-equity incentive plan compensation US\$	All other compensation US\$ ⁽⁴⁾	Total compensation US\$
					Annual ⁽³⁾		
Ron L. Fleming ⁽⁵⁾ <i>President and Chief Executive Officer</i>	2015	250,000	117,500	583,231	367,500	7,950	1,326,181
	2014	190,385	70,000	—	70,000	6,604	336,989
	2013	137,500	6,484	126,729	75,250	2,262	348,225
Michael J. Liebman ⁽⁶⁾ <i>Chief Financial Officer and Corporate Secretary</i>	2015	220,193	72,443	388,821	197,443	7,950	886,850
	2014	190,385	59,423	—	59,423	—	309,231
	2013	35,988	9,654	245,268	10,796	—	301,706

- (1) Represents awards of PSUs. The PSUs that were awarded pursuant to the 2013 Incentive Program (shown as compensation for 2013 in the table above) were issued during the first quarter of 2014 upon determination of achievement of the pre-determined performance criteria, which were approved during the first quarter of 2013. The PSUs that were awarded pursuant to the 2014 Incentive Program (shown as compensation for 2014 in the table above) were issued during the first quarter of 2015 upon determination of achievement of the pre-determined performance criteria, which were approved during the first quarter of 2014. The PSUs that were

awarded pursuant to the 2015 Incentive Program (shown as compensation for 2015 in the table above) were issued during the first quarter of 2016 upon determination of achievement of the pre-determined performance criteria, which were approved during the first quarter of 2015. The value of such awards presented above represents the grant date fair value of the expected cash payment of such PSUs upon vesting using the price of the Common Shares on the date the awards were granted and assuming 100% achievement of the performance goals set forth in the applicable Incentive Program (which GWRI considered the probable outcome on the award date). For more information regarding Global Water's Incentive Programs, see "Annual Incentive Awards." For GAAP accounting purposes, PSUs are accounted for as liability compensatory awards under ASC 710, "Compensation—General".

- (2) Represents awards of SARs. The grant date fair value of SARs granted to Messrs. Fleming and Liebman on May 8, 2015 was calculated in accordance with ASC 718, "Compensation—Stock Compensation." The following assumptions were used to calculate the grant date fair value of the SARs: foreign exchange rate (C\$ to U.S.\$) — 1.2108:1; dividend yield — 0%; expected volatility — 65.2%; risk-free interest rate — 1.89%; and expected life — 6.3 years. The grant date fair value of SARs granted to Mr. Fleming on July 1, 2013 was calculated in accordance with ASC 718, "Compensation—Stock Compensation." The following assumptions were used to calculate the grant date fair value of the SARs: foreign exchange rate (CAD\$ to USD\$) — 1.0513:1; dividend yield — 0%; expected volatility — 74.0%; risk-free interest rate — 1.93%; and expected life — 6.3 years. The grant date fair value of SARs granted to Mr. Liebman on November 14, 2013 was calculated in accordance with ASC 718, "Compensation—Stock Compensation." The following assumptions were used to calculate the grant date fair value of the SARs: foreign exchange rate (CAD\$ to USD\$) — 1.0447:1; dividend yield — 0%; expected volatility — 90.48%; risk-free interest rate — 2.04%; and expected life — 6.3 years. The accounting expense on the date of grant of all of the SARs was \$0. For more information regarding GWRI's accounting treatment of the SARs, see the financial statements of GWRC and GWRI as at and for the financial year ended December 31, 2015.
- (3) Represents amounts earned and payable in cash to the NEOs pursuant to the 2013 Incentive Program, 2014 Incentive Program and 2015 Incentive Program, respectively, including discretionary bonuses earned by the NEOs in 2014 and 2015. For more information regarding how these bonuses were determined, see "Annual Incentive Awards—Achievement Levels and Outcomes Under 2015 Incentive Program". Includes amounts paid in 2016 related to 2015. Amounts include cash incentives earned pursuant to the 2015 Incentive Program, as well as discretionary bonuses paid to Mr. Fleming and Mr. Liebman of \$250,000 and \$125,000 respectively, in connection with their efforts relating to the transfer of assets of Valencia Water Company to the City of Buckeye.
- (4) Represents matching contributions by GWRI to GWRI's 401(k) plan.
- (5) Mr. Fleming was named President and Interim Chief Executive Officer effective May 2014. Effective January 1, 2015, Mr. Fleming became the permanent Chief Executive Officer.
- (6) Effective May 2014, Mr. Liebman became Chief Financial Officer and Corporate Secretary.

Overview of Executive Compensation Program; Components of Compensation

The compensation program of Global Water is designed to retain, motivate and reward NEOs and other members of management for their performance and contribution to Global Water's long-term success. The GWRI Board seeks to compensate the NEOs and other members of management by combining short and long-term incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align the interests of NEOs and other members of management with those of Shareholders by rewarding the creation of long-term value through equity-linked compensation. GWRI ties individual goals to the area of NEO's primary responsibility. These goals may include the achievement of specific financial or business development goals. The GWRI Board sets corporate performance goals that reach across various business areas and include achievements in finance/business development and corporate development.

In reviewing Global Water's compensation practices, the Compensation Committee takes into account the fact that compensation practices can have unintended risk consequences and reviews Global Water's compensation policies with a view to identifying any practice that might encourage an employee to expose Global Water to unacceptable risk. At the present time, the Compensation Committee and the boards of GWRC and GWRI are satisfied that the current compensation program does not encourage executive officers to take inappropriate or excessive risk. Global Water intends to continue to seek to tie compensation to demonstrable success and use long-term compensation to encourage executives to maintain focus on sustained long-term performance.

The Board of Directors and the GWRI Board believe that transactions that hedge, limit or otherwise change an executive officer's economic interest in or exposure to the full rewards and risks of ownership of GWRC securities would be contrary to this objective. Although Global Water has not developed a hedging policy to explicitly prohibit executives or members of the boards of directors of GWRC and GWRI from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held by an executive or member of the Board of Directors or the GWRI Board, Global Water is not aware of any directors or executive officers having entered into such transactions.

Executive compensation consists primarily of three elements: base salary, annual incentive awards, and long-term incentive awards. Each element of compensation is described in more detail below.

Base Salary

Base salaries for NEOs are established based on the scope of their responsibilities and their prior relevant experience, taking into account competitive market compensation paid by other companies in Global Water's industry for similar positions and the overall market demand for such executives at the time of hire. Subject to the provisions of his or her employment agreement (if any), an executive's base salary is also determined by reviewing the executive's other forms of compensation to ensure that the executive's total compensation is in line with Global Water's overall compensation philosophy.

Although GWRI did not engage in formal benchmarking in 2013, 2014 or 2015, the public companies that served as the comparator group in setting salaries were: The York Water Company, Artesian Resources Corp., Connecticut Water Service Inc., and Middlesex Water Co. The four comparator companies were chosen based on the following selection criteria:

- (a) public water utilities of similar size, or
- (b) public water utilities with whom Global Water may compete for executive talent.

In setting base salaries for Messrs. Fleming and Liebman, the GWRI Board did not select a percentile or similar measure within the range of salaries in the comparator group. In this regard, the base salaries for Messrs. Fleming and Liebman are dictated by the terms of their employment agreements. See "*Employment Agreements*" below for additional information. However, the salaries of Messrs. Fleming and Liebman are within the ranges of the comparator group.

Base salaries of the NEOs are reviewed annually and, subject to the provisions of their employment agreements, may be increased for merit reasons based on any NEO's success in meeting or exceeding individual objectives. Additionally, base salaries may be adjusted as warranted throughout the year for promotions or other changes in the scope or breadth of an NEO's role or responsibilities. The GWRI Board believes that the 2015 base salaries for the NEOs were competitive with that paid by the comparator companies and fairly reflected individual performance and contribution.

Annual Incentive Awards

The compensation program provides for an annual incentive award designed to reward NEOs for their individual and corporate performance in a given fiscal year. The Compensation Committee assesses the level of the NEO's achievement of company-wide goals. The annual incentive award may be paid in cash, phantom stock units ("**PSUs**") or stock options, which is decided by the GWRI Board at the time of issuance to the extent not specified in an NEO's employment agreement. Stock options are issued under the stock option plan approved by Shareholders at the 2012 GWRC annual and special meeting (the "**Stock Option Plan**"). In 2013, 2014 and 2015, the annual incentive awards were payable 50% in cash and 50% in the form of PSUs. In 2015, Mr. Fleming and Mr. Liebman were paid a one-time bonus of \$250,000 and \$125,000 respectively, in connection with their efforts relating to the transfer of assets of Valencia Water Company to the City of Buckeye.

2015 Incentive Program

The Compensation Committee, together with the GWRI Board, set performance objectives and targets in connection with adopting the Incentive Program on an annual basis. The 2015 Incentive Program, adopted in the first quarter of 2015, was designed to allow Global Water to pursue its mission statement, adhere to its primary service and compliance mandates, and generate sufficient free cash flow to facilitate a sustainable dividend and improve Shareholder value. The 2015 Incentive Program incorporated company-wide goals that were required to be satisfied at specified levels in order for an NEO to receive payments in respect of awards made under the Incentive Program.

Company Goals

The 2015 Incentive Program incorporated one company-wide goal, which was characterized as a "gate" (releasing the overall incentive pool for each officer based on his or her targeted award percentage) and "components" (determining the size of the incentive pool on a weighted-average basis based on his or her targeted award percentage). The individual gate and components, and Global Water's levels of achievement relating thereto in 2015, are summarized below:

Gate

Description	% of Incentive Pool	Outcome	Achievement Level
Achieve a dividend increase of 10% within 2015; pay dividend on a monthly basis	100%	Dividend paid monthly; annualized dividend increased from C\$0.29 in December 2014 to C\$0.34 in December 2015	100%

Components

Description	Target(s)	% of Incentive Pool	Outcome	Achievement Level
Global Water EBITDA (excluding non-recurring items, deferred compensation and other items, in each case, as determined by the GWRI Board)	>\$16.5M = 25% >\$17.0M = 75% >\$17.4M = 100%	25%	Global Water EBITDA (as adjusted) was \$17.4M in 2015	25%
Safety and compliance	>97% employee participation in Global Water's safety program = 100%; offset by preventable compliance events (each event reduces component by 25%)	25%	Employee participation metrics were fully achieved; one (1) preventable compliance event in 2015	19%
Actual capital expenditures vs. budget	<\$3.0M in unrecovered capital expenses (overage reduces component by a specified formula)	25%	Unrecovered capital expenditures were \$2.997M in 2015	25%
Discretionary	Global Water's overall performance and execution of corporate-level objectives	25%	GWRI Board awarded full amount of discretionary component	25%
TOTALS		100%		94%

Achievement Levels and Outcomes Under 2015 Incentive Program

Based on actual outcomes in respect of the “gate” and “components” comprising the 2015 Incentive Program, 94% of the overall incentive pool was earned by each of our NEOs. The cash portion of this award for each NEO is reflected in the Summary Compensation Table under the heading “*Non-equity incentive plan compensation*” and the portion paid in PSUs is reflected under “*Share-Based Awards*”.

Target Annual Incentive Awards for 2015 and 2016

The target annual incentive awards for fiscal 2015 and 2016 were determined as a percentage of base salary, as set out below (together with actual awards earned pursuant to the 2015 Incentive Program):

Name	2015 Salary US\$	2015 Target Incentive Award as Percentage of Base Salary ⁽¹⁾	2015 Actual Cash Incentive & Discretionary Bonus Earned US\$ ⁽²⁾	2015 Actual PSU Award US\$	2016 Salary US\$	2016 Target Incentive Award as Percentage of Base Salary
Ron L. Fleming	250,000	100%	117,500	117,500	275,000	100%
Michael J. Liebman	225,000	70%	72,443	72,443	235,000	70%

- (1) Pursuant to the 2015 Incentive Program and the employment agreements with Messrs. Fleming and Liebman, 50% of each NEO's target incentive award was payable in cash and 50% was payable in the form of PSUs.
- (2) Includes amounts paid in 2016 related to 2015. Amounts include cash incentives earned pursuant to the 2015 Incentive Program, as well as discretionary bonuses paid to Mr. Fleming and Mr. Liebman in the amounts of \$31,250 and \$19,267, respectively, pursuant to the discretionary component of the 2015 Annual Incentive Program. It does not include the additional discretionary bonuses paid to Mr. Fleming and Mr. Liebman of \$250,000 and \$125,000 respectively, in connection with their efforts relating to the transfer of assets of Valencia Water Company to the City of Buckeye.

Long Term Incentive Awards

The compensation program includes long-term incentive awards that are designed to reward the NEOs and other members of management for Global Water's overall performance and strengthen the long-term view and alignment of interests between the NEOs (and other members of management) and the Shareholders by linking their holdings and a portion of their compensation to the future value of the Common Shares. Long-term incentive awards are provided through PSUs, the Stock Option Plan, and stock appreciation rights ("SARs"), each as described below. The Compensation Committee, together with the boards of directors of GWRC and GWRI, set objectives and targets based on the performance of Global Water. Previous grants are not necessarily taken into account when considering new grants. The PSUs awarded to our NEOs during 2015 are discussed above. The only other long-term incentive awards made in 2013, 2014 and 2015 were the SAR awards, which are described in more detail below.

Phantom Stock Unit Plan

GWRI has adopted a phantom stock unit plan (the "PSU Plan") authorizing the directors of GWRI to issue PSUs to employees of GWRI, including the NEOs. The value of the PSUs issued under the PSU Plan (including PSUs granted pursuant to the annual Incentive Programs, as described above) tracks the performance of the Common Shares and provides the holder the right to receive a cash payment, the value of which will be the market value of the equivalent number of Common Shares at the maturity date. PSU awards are generally credited with additional PSUs

in respect of dividends issued on the Common Shares. If dividends are credited, the number of additional PSUs credited to the awards would be equal to the aggregate amount of the dividends that would have been paid to the participant if the PSUs subject to the award had been Common Shares divided by the market value of a Common Share on the date on which the dividends are paid. The PSUs vest immediately if a participant is terminated without cause or terminates employment for “good reason” within 12 months following a change of control of GWRI. There is no exercise price attached to the awards.

The PSU Plan will remain in effect following the Arrangement, which will not constitute a change of control for purposes of the PSU Plan, provided that the value of the PSUs will track the performance of GWRI’s common stock going forward.

Stock Option Plan

Compensation may be provided to the NEOs and other executive officers of Global Water through the granting of options under the Stock Option Plan. Historically, the Stock Option Plan has been used to attract, retain and motivate NEOs, other executive officers and directors to operate and manage the business in a manner that would provide for the long-term growth and profitability of Global Water by providing such persons with the opportunity, through stock options, to acquire a proprietary interest in GWRC.

The Board has delegated to the Compensation Committee responsibility for administering the Stock Option Plan and approving all stock options granted thereunder and determining the entitlement, vesting, exercise price and all other matters relating to the Stock Option Plan.

GWRC may grant options to purchase Common Shares to any employee, officer, director or other service provider of GWRC, GWRI or any of their affiliates. The maximum number of Common Shares available for issuance under the Stock Option Plan is 875,461, representing approximately 10% of the Common Shares outstanding as at the date hereof. Common Shares which are not purchased as a result of options having terminated or expired without being fully exercised are not counted for the purposes of the foregoing and will be available for grants of subsequent options. The aggregate number of options that may be granted to Directors under the Stock Option Plan during the term of the Stock Option Plan is limited to 1% of the issued and outstanding Common Shares, and the annual value of options, if any, granted to Directors may not exceed C\$100,000 per Director (based on the binomial value of the option award). Subject to the limit on the number of Common Shares issuable to Directors and to the overall limit on the number of Common Shares issuable under the Stock Option Plan, under no circumstances may more than 10% of the then issued and outstanding Common Shares be issued within a one-year period or be issuable at any time to insiders of GWRC or to any one insider of GWRC under the Stock Option Plan and all of GWRC’s other equity compensation plans.

The exercise price of an option may not be lower than the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately prior to the day of the grant. The term of an option may not exceed 10 years from the date of the grant; however, if an option would otherwise expire during or shortly after a blackout period, the term of such option shall automatically be extended until 10 business days after the end of the blackout period.

The Compensation Committee determines the time at which options vest when making a grant and the performance conditions that will relate to such vesting, if any. Options are non-transferable except by will or the laws of descent and distribution.

Subsequent to the time of granting options, the Compensation Committee may, in its discretion, accelerate the vesting and exercisability of options.

Unless otherwise determined by the Compensation Committee, options cease to be exercisable if an option holder ceases to be an eligible participant under the Stock Option Plan. At the time of granting options, the Compensation Committee may, in its discretion, determine the provisions relating to the expiry of an option upon the bankruptcy, death, disability, retirement or termination of employment of an option holder.

Subject to applicable law and the applicable rules of any stock exchange, the Compensation Committee may authorize GWRC to make loans or provide guarantees for loans by financial institutions to assist option recipients in paying the exercise price of options or to pay applicable withholding taxes. Any such loan will be secured by a first priority security interest on all of the Common Shares held by the optionee and will be on such other terms as may be determined by the Compensation Committee (including interest rates, amortization and payment terms). Any such loan will become due and payable in full in the event the optionee ceases for any reason to be employed by or provide services to GWRC, GWRI or any of their affiliates prior the maturity date of the loan. To date, no such loans have been made.

The Compensation Committee may amend, suspend or terminate the Stock Option Plan at any time, provided, however, that any such amendment or termination may not adversely affect the entitlements of a participant which have accrued prior to the date of the amendment or termination without consent of such participant. Except as set out below, the Stock Option Plan may be amended without Shareholder approval. Such amendments include, without limitation: minor changes of a “housekeeping nature”; amending options under the Stock Option Plan, including with respect to the option period (provided that the period during which an option is exercisable does not exceed ten years from the date the option is granted and that such option is not held by an insider), vesting period, exercise method and frequency, exercise price (provided that the price is not lower than the fair market value of the Common Shares at the time the option was granted, except in connection with maintaining the value of an option in connection with changes in the capital stock of GWRC’s issued and outstanding Common Shares) and method of determining the exercise price and effect of termination of a participant’s employment or cessation of the participant’s directorship; changing the class of participants eligible to participate under the Stock Option Plan (provided that such change does not have the potential of broadening or increasing insider participation); and changing the terms and conditions of any financial assistance which may be provided by GWRC to optionees to facilitate the purchase of Common Shares under the Stock Option Plan.

Shareholder approval is required for any amendment or modification which: increases the number of Common Shares that can be issued under the Stock Option Plan, including an increase to a fixed number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed percentage; increases the period after a blackout period during which an award may be exercised; reduces the exercise price of an option or results in an exercise price for any

option being lower than the fair market value of the Common Shares at the time that the option was granted, except in connection with maintaining the value of an option in connection with changes in the capital stock of GWRC's issued and outstanding Common Shares; broadens or increases insider participation in the Stock Option Plan; extends the term of an option held by an insider beyond its original expiry date, except where the expiry date would have fallen in a blackout period; permits the transfer of an option, except by testate or intestate succession; adds a share appreciation right unless there is a full deduction of Common Shares available for issuance on the exercise of a share appreciation right; adds a deferred or restricted share unit or other provision which results in participants receiving Common Shares while no cash consideration is received by GWRC; or is required to be approved by Shareholders under applicable law, regulations, stock exchange rules or accounting/auditing requirements.

No options were granted under the Stock Option Plan in respect of performance in 2013, 2014 or 2015. As of March 9, 2016, no options to purchase Common Shares were outstanding under the Stock Option Plan. Following the Arrangement, the Stock Option Plan will be assumed by GWRI and will remain in effect, provided that stock options granted after the consummation of the Arrangement will be in the form of options to purchase shares of GWRI's common stock (and all the then outstanding stock options will be converted into options to purchase shares of GWRI's common stock, with the exercise prices being converted to U.S. dollars upon the consummation of the Arrangement). The maximum number of shares of GWRI's common stock that will be available for issuance under the Stock Option Plan that is assumed by GWRI will be adjusted pursuant to the provisions of the Stock Option Plan to 1,824,174, representing approximately 10% of the shares of GWRI's common stock that are expected to be outstanding following the Arrangement. The Arrangement does not constitute a change of control for purposes of the Stock Option Plan.

Stock Appreciation Rights Plan

GWRI has adopted a stock appreciation rights plan (the "**SAR Plan**") authorizing the GWRI Board to grant SARs to its employees, including the NEOs. The value of the SARs issued under the plan tracks the performance of the Common Shares and provides the holder the right to receive a cash payment, upon exercise, equal to the difference, if any between the fair market value of one Common Share at the date of exercise over the fair market value of one Common Share on the grant date.

On July 1, 2013, GWRI granted 100,000 SARs to Mr. Fleming (the "**Fleming 2013 SARs**"). The Fleming 2013 SARs vest ratably over 16 quarters from the grant date and give Mr. Fleming the right to receive a cash payment equal to the difference between C\$2.00 per Common Share and the closing price of the Common Shares on the exercise date, provided that the closing price is in excess of C\$2.00 per Common Share. The exercise price was determined by taking the weighted average Common Share price for the five trading days prior to July 1, 2013. The award would fully vest upon a change in control in accordance with the terms of Mr. Fleming's employment agreement.

On November 14, 2013, GWRI granted 100,000 SARs to Mr. Liebman (the "**Liebman 2013 SARs**"). The Liebman 2013 SARs vest ratably over 16 quarters from the grant date and give Mr. Liebman the right to receive a cash payment equal to the difference between C\$3.38 per

Common Share and the closing price of the Common Shares on the exercise date, provided that the closing price is in excess of C\$3.38 per Common Share. The exercise price was determined by taking the weighted average Common Share price for the 30 trading days prior to November 14, 2013. The award would fully vest upon a change in control in accordance with the terms of Mr. Liebman's employment agreement.

On May 8, 2015, GWRI granted 180,000 SARs to Mr. Fleming (the "**Fleming 2015 SARs**"). The Fleming 2015 SARs vest in 20% installments on April 1 of each of the first three (3) years following the grant date, with the first installment vesting on April 1, 2016, and a final 40% installment vesting on the fourth (4th) anniversary of the grant date. The Fleming 2015 SARs give Mr. Fleming the right to receive a cash payment equal to the difference between C\$6.44 per Common Share and the closing price of the Common Shares on the exercise date, provided that the closing price is in excess of C\$6.44 per Common Share. The exercise price was determined by taking the weighted average Common Share price for the five trading days prior to May 8, 2015. The SAR agreement provides for full acceleration and vesting of all unvested SARs upon a change in control.

On May 8, 2015, GWRI granted 120,000 SARs to Mr. Liebman (the "**Liebman 2015 SARs**"). The Liebman 2015 SARs vest in 20% installments on April 1 of each of the first three (3) years following the grant date, with the first installment vesting on April 1, 2016, and a final 40% installment vesting on the fourth (4th) anniversary of the grant date. The Liebman 2015 SARs give Mr. Liebman the right to receive a cash payment equal to the difference between C\$6.44 per Common Share and the closing price of the Common Shares on the exercise date, provided that the closing price is in excess of C\$6.44 per Common Share. The exercise price was determined by taking the weighted average Common Share price for the five trading days prior to May 8, 2015. The SAR agreement provides for full acceleration and vesting of all unvested SARs upon a change in control.

The SAR Plan will remain in effect following the Arrangement, which will not constitute a change of control for purposes of the SAR agreements with Messrs. Fleming and Liebman, provided that (i) the exercise prices will be converted to U.S. dollars upon the consummation of the Arrangement and (ii) the value of the SARs will track the performance of GWRI's common stock going forward.

Employment Agreements

Each of Mr. Fleming and Mr. Liebman has entered into an employment agreement with GWRI (the "**Employment Agreements**"). Both Employment Agreements were executed on May 13, 2015 and provide for an initial term ending on May 13, 2019, unless terminated earlier in accordance with the terms thereof. Thereafter, each Employment Agreement will automatically renew for one or more additional 12-month periods, unless either GWRI or the applicable NEO notifies the other party in writing by December 31 of the then current renewal term that it wishes to terminate employment under the Employment Agreement at the end of the term in effect.

Mr. Fleming's Employment Agreement provides for an annualized base salary of \$250,000 during the first calendar year of the initial term, with increases to \$275,000 and \$300,000 as of January 1, 2016 and 2017, respectively. Mr. Liebman's Employment Agreement provides for an

annualized base salary of \$225,000 during the first calendar year of the initial term, with increases to \$235,000 and \$250,000 as of January 1, 2016 and 2017, respectively. Thereafter, the GWRI Board will review each NEO's base salary on an annual basis to determine whether any increases are appropriate based on a combination of factors, including such NEO's achievement of specified performance objectives and/or the amount of compensation paid to his peers at other similarly situated public companies.

Each of Mr. Fleming and Mr. Liebman may also be entitled to annual incentive compensation as determined (i) in the discretion of the GWRI Board (or the Compensation Committee) or (ii) pursuant to any annual incentive compensation program adopted by GWRI from time to time. For each calendar year, Mr. Fleming will be eligible to receive up to 50% of his then current base salary as a cash bonus and up to 50% of his then current base salary as incentive compensation in the form of PSUs. For each calendar year, Mr. Liebman will be eligible to receive up to 35% of his then current base salary as a cash bonus and up to 35% of his then current base salary as incentive compensation in the form of PSUs. The actual percent of incentive compensation paid to Messrs. Fleming and/or Liebman, as applicable, will be based on satisfying the performance goals for each calendar year as determined by the GWRI Board (or the Compensation Committee) and calculated in accordance with the bonus payments for all GWRI employees.

The Employment Agreements also contain provisions in respect of the NEOs' eligibility to receive certain benefits (including reimbursement of business expenses and health and medical benefits), as well as non-disclosure, non-competition and non-solicitation provisions binding on each of the NEOs. For additional information regarding amounts payable to Messrs. Fleming and Liebman in connection with a termination of employment and/or a change of control with respect to GWRI, see below under "*Termination and Change of Control Payments*".

Termination and Change of Control Payments

If a NEO voluntarily terminates his or her employment without "Good Reason" (as defined in the Employment Agreements) or if GWRI terminates the NEO's employment for "Cause" (as defined in the Employment Agreements), the NEO is only entitled to the payment of current base salary until the date of termination and any incentive compensation earned in a previous year but not paid.

If a NEO terminates his or her employment with Good Reason or if GWRI terminates the NEO's employment without Cause, the NEO is entitled to the payment of current base salary until the date of termination and any incentive compensation earned in a previous year but not paid. The NEO is also entitled to a pro rata incentive payment, payable at such time as incentive compensation is otherwise payable to employees under the incentive compensation program, if the termination of employment is during the last six months of GWRI's fiscal year. In addition, any equity-based awards previously granted to the NEO will become fully vested and exercisable and all restrictions on restricted awards will lapse. The NEO will also be entitled to a lump-sum cash payment equal to the sum of (i) a multiple (reflected in the table below) of the relevant NEO's then-current salary, and (ii) a multiple (reflected in the table below) of the amount of incentive compensation earned by the relevant NEO during the year immediately preceding the NEO's

termination of employment. GWRI is obligated to pay this amount within 60 days following the NEO's termination of employment.

If a NEO dies or becomes disabled, the NEO is entitled to the payment of current base salary until the date of death or disability and any incentive compensation earned in a previous year but not paid. The NEO is also entitled to a pro rata incentive payment, payable at such time as incentive compensation is otherwise payable to employees under the incentive compensation program. Any equity-based awards previously granted to the executive will become fully vested and exercisable and all restrictions on restricted stock awards will lapse and the NEO must exercise any options within the shorter of the expiration time of the options or one year from the death or disability.

Any payments to the NEOs upon termination of employment (other than in connection with a "Change of Control" (as defined in the Employment Agreements)) and disability are conditional upon the executive executing a release in favor of GWRI and its affiliates, directors, officers, employees and agents.

In the event that (i) a NEO resigns his or her employment for Good Reason, or (ii) GWRI terminates the employment of any of the NEOs without Cause, in each case within 18 months of a Change of Control, each of the NEOs will be entitled to a lump-sum cash payment equal to the sum of (y) a multiple (reflected in the table below) of the relevant NEO's then-current salary, and (z) a multiple (reflected in the table below) of the amount of incentive compensation earned by the relevant NEO during the year immediately preceding the Change of Control. Such payment shall be made by GWRI within 60 days of the date of the termination of employment or resignation for Good Reason. In addition, any equity-based awards previously granted to the executive will become fully vested and exercisable and all restrictions on restricted awards will lapse, regardless of whether the NEO terminates employment.

The applicable multiples for each of the NEOs for a resignation for Good Reason or termination without cause, including in connection and not in connection with a Change of Control, are set forth in the table below. Using the base salary and assuming annual incentive compensation at amounts actually achieved in 2015, if such resignation or termination of employment had occurred on December 31, 2015, the NEOs would have been entitled to the payments set out below:

Name	Base Salary Multiple	Salary Payment US\$(¹)	Cash Incentive Compensation Multiple	Incentive Compensation Payment US\$(²)	Value of Accelerated Vesting of Equity Incentive Awards US\$(³)	Total Payment US\$
Ron L. Fleming	2x	500,000	4x	470,000	358,839	1,328,839
Michael J. Liebman	1.5x	337,500	3x	217,329	284,157	838,986

(1) Represents each NEO's base salary as of December 31, 2015 multiplied by the multiple set forth in the table immediately above.

- (2) Represents each NEO's actual cash incentive award (including the cash bonus payable in respect of the discretionary component of the 2015 Incentive Program) for the year ended December 31, 2015 as set forth in "Annual Incentive Awards" above, multiplied by the multiple set forth in the table immediately above. In the event that the resignation or termination does not occur in connection with a Change of Control and occurs during the last six months of our fiscal year, the NEO will also be paid a pro rata cash incentive award based upon GWRI's performance for the fiscal year payable at such time as incentive compensation is otherwise payable to employees under the incentive compensation program.
- (3) Represents the estimated value of unvested PSUs and SARs as of December 31, 2015, of which vesting would accelerate. The estimated payout value of the PSUs was calculated using the Common Share price on the TSX at the close of business on December 31, 2015, multiplied by the number of PSUs outstanding as of December 31, 2015. The estimated payout value of the SARs was calculated as the difference between the strike price of the SARs and the Common Share price on the TSX at the close of business on December 31, 2015, multiplied by the number of SARs outstanding as of December 31, 2015. The PSU and SAR payouts were converted into U.S. dollars at a rate of US \$0.7209 per CAD \$1.00 (the exchange rate at December 31, 2015). No value has been ascribed in this table to any stock options granted to management on January 9, 2012 as the stock options were fully vested.

A "Change of Control" is defined in the Employment Agreements to generally mean either or both of the acquisition by a person or persons acting as a group, other than GWRC, of ownership of stock of GWRI that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of GWRI; or the sale of all or substantially all of the assets of GWRI, other than a sale to GWRC. The Arrangement will not constitute a "Change of Control" under the Employment Agreements.

Outstanding Option-Based and Share-Based Awards

The following table sets forth the option-based awards and the PSUs granted to the NEOs and outstanding as of December 31, 2015:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price C\$	Option Expiration Date	Value of unexercised in the money options ⁽¹⁾ US\$	Number of PSUs that have not vested ⁽²⁾	Estimated payout value of share-based awards that have not vested ⁽²⁾ US\$	Estimated payout value of vested share-based awards not paid out US\$
Ron L. Fleming President and Chief Executive Officer	92,500 ⁽³⁾	2.00	June 30, 2023	372,093			
	180,000 ⁽⁴⁾	6.44	May 7, 2025	147,929			
	272,500			520,021	10,991	60,062	9,992
Michael J. Liebman Chief Financial Officer and Corporate Secretary	100,000 ⁽⁵⁾	3.38	November 13, 2023	302,778			
	120,000 ⁽⁴⁾	6.44	May 7, 2025	98,619			
	220,000			401,397	9,712	53,073	7,931

- (1) Represents the value of the unexercised in-the-money-SARs which was calculated by comparing the strike price of the unexercised SARs with the price of the Common Shares on the TSX on the close of business on December 31, 2015 which was C\$7.58. The values were converted into U.S. dollars at a rate of U.S.\$0.7209 per C\$1.00. There were 492,500 unexercised in-the-money SARs at December 31, 2015. All strike prices expressed in Canadian dollars will be converted to U.S. dollars upon consummation of the Arrangement.

- (2) The estimated payout value of the PSUs was calculated using the Common Share price on the TSX on the close of business on December 31, 2015, multiplied by the number of PSUs outstanding. The PSU payouts were converted into U.S. dollars at a rate of US \$0.7209 per C\$1.00.
- (3) Represents SARs granted on July 1, 2013.
- (4) Represents SARs granted on May 8, 2015.
- (5) Represents SARs granted on November 14, 2013.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of the option-based awards and the PSU awards made to the NEOs that vested in 2015:

Name	Option-based awards – Value vested during the year⁽¹⁾ US\$	PSU awards – Value vested during the year⁽²⁾ US\$	Non-equity incentive plan compensation – Value earned during the year⁽³⁾ US\$
Ron L. Fleming President and Chief Executive Officer	93,315	53,441	375,450
Michael J. Liebman Chief Financial Officer and Corporate Secretary	66,914	43,394	205,393

- (1) During the year ended December 31, 2015, 50,000 of the SARs awarded to NEOs vested. The vested value of the SARs was calculated as the difference between the Common Share price on the TSX and the strike price on each vesting date, multiplied by the number of SARs vesting, with such amount converted into United States dollars using the going foreign exchange rate on each vesting date per C\$1.00.
- (2) During the year ended December 31, 2015, 18,802 of the PSUs awarded to NEOs vested. The vested value of the PSUs was calculated as the Common Share price on the TSX on each vesting date, multiplied by the number of PSUs vesting on such date, with such amount being converted into United States dollars using the going foreign exchange rate on each vesting date per C\$1.00.
- (3) Represents annual cash bonus paid to NEOs in respect of performance in 2015 and matching contributions paid by the Company related to GWRI's 401(k) plan.

Securities Authorized for Issuance under Equity Compensation Plans

The following table shows the number of securities authorized for issuance under equity compensation plans of GWRC as of December 31, 2015:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Securityholders			
• Stock Option Plan	209,561	\$7.50	665,900
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total	209,561	\$7.50	665,900

Director Compensation

The following table provides information for the fiscal year ended December 31, 2015, regarding all plan and non-plan compensation awarded to, earned by, or paid to, each person who served as a director for some portion or all of 2015:

Summary of Director Compensation Program

Historically, directors have been entitled to compensation for their services as members of the Board of Directors and the GWRI Board. The compensation arrangements for the directors of GWRC and GWRI are summarized below:

Component	Amount US\$	Payment Method⁽¹⁾
Annual Retainer ⁽²⁾	51,500 per year	50% DPUs/50% cash
Board Chair Fee	25,000 per year	100% cash
Committee Membership Retainer	12,360 per year	50% DPUs/50% cash
Audit and Risk Committee Chair Fee	12,875 per year	50% DPUs/50% cash
Other Board or Committee Chair Fee	7,725 per year	50% DPUs/50% cash
Meeting Attendance Fee (Board and Committee)	1,288 per meeting in person/ 1,030 per meeting by telephone	50% DPUs/50% cash

- (1) Directors generally receive one-half of their compensation in cash and one-half in the form of DPUs. However, if a director holds a minimum of three (3) times the value of the annual retainer in the form of Common Shares, such director may elect to receive all or a portion of his or her compensation in cash.
- (2) Includes \$41,200 annual retainer for service on the GWRI Board.

Each director is paid only one board or committee retainer fee and only one committee chair fee for both GWRC and GWRI. Directors receive one-half of their compensation in cash and one-half in the form of deferred phantom units (“**DPUs**”). However, if a director holds a minimum of three times the value of the annual retainer in Common Shares, such director may elect to receive all or a portion his or her compensation in cash. The directors of GWRC and GWRI are also reimbursed for out-of-pocket expenses incurred for attending board and committee meetings. The independent directors of GWRC and GWRI that were entitled to compensation in 2015 were L. Rita Theil, Richard M. Alexander and David C. Tedesco. Mr. Levine, who is neither an independent director nor an employee, receives an annual retainer and meeting attendance fees for his role as a director. Mr. Hill will begin to receive an annual retainer and meeting attendance fees for his role as Chairman of the Board for both GWRC and GWRI in 2015. Ms. Bowers began to receive an annual retainer and meeting attendance fees for her role as Director of GWRI in 2015.

GWRC and GWRI have each adopted a deferred phantom unit plan (the “**DPU Plans**”) authorizing the directors of GWRC and GWRI, as applicable, to grant DPUs to independent directors who are residents of Canada. DPUs are units whose value tracks the performance of the Common Shares and give rise to a right to receive a cash payment, the value of which, on a particular date, will be the market value of the equivalent number of Common Shares at that date. Holders of DPUs are credited with dividend equivalents when and if dividends are paid on the Common Shares using the market value of the Common Shares on the trading day immediately prior to the dividend record date. DPUs granted to directors are fully vested upon the grant date. In order to align their interests with the interest of Shareholders, an independent director is only permitted to redeem his/her DPUs upon ceasing to be a director of GWRC and GWRI. The boards

of directors of GWRC and GWRI believe that this feature of the plan will result in directors taking a long-term view of Shareholder value. Additionally, directors will not be in a position to profit from unit volatility. The boards of directors of GWRC and GWRI believe that the issuance of DPUs as a core component of the independent directors' compensation strengthens the alignment of interests between the independent directors and the Shareholders by linking their holdings and a portion of their annual retainer to the future value of the Common Shares.

Following the Arrangement, it is anticipated that the director compensation program will remain in effect as summarized above. The DPU Plan that is sponsored by GWRC will be assumed by GWRI, and GWRI intends for such plan to remain in effect. GWRI also intends for the DPU Plan that is sponsored by GWRI to remain in effect following the Arrangement. From and after the Arrangement, the value of the DPUs will track the value of GWRI's common stock.

Following the Arrangement, GWRI anticipates that new equity awards will be granted on a one time basis to GWRI's non-employee directors to incentivize them to continue serving on the GWRI Board following the registration of GWRI's common stock under the Exchange Act and GWRI's listing on NASDAQ. Such equity awards may be granted in the form of stock options issued under the GWRC Stock Option Plan (which will be assumed by GWRI following the Arrangement), or in the form of DPUs issued under the Deferred Phantom Stock Unit Plan, or through a combination of stock options and DPUs. The GWRI Board has not taken any action regarding the anticipated equity awards described above, and no such action will be taken until following the Arrangement.

Director Compensation Table

Total compensation earned by the directors of GWRC and GWRI during the financial year ended December 31, 2015 is set forth in the table below.

Name	Directors' fees earned – Cash US\$	Directors' fees earned – DPUs⁽¹⁾ US\$	Total Compensation US\$
Trevor T. Hill <i>Chairman of the board of directors</i>	109,975	—	109,975
Richard M. Alexander ⁽²⁾⁽³⁾ <i>Member of the boards of directors and Chair of the Audit and Risk Committees</i>	74,546	23,304	97,850
L. Rita Theil ⁽⁴⁾ <i>Member of the boards of directors and Chair of the Corporate Governance, Nominating, Environmental and Health & Safety Committees</i>	70,684	22,016	92,700
David C. Tedesco ⁽²⁾⁽⁵⁾ <i>Member of the boards of directors and Chair of the Compensation Committees</i>	80,533	12,167	92,700
Cindy M. Bowers <i>Member of the board of directors (GWRI only)</i>	74,675	—	74,675
William S. Levine <i>Director of GWRC and GWRI</i>	58,710	—	58,710

- (1) Represents DPUs awarded in 2015. Prior to the Arrangement, each DPU granted tracks the performance of the Common Shares and gives rise to a right of the holder to receive a cash payment the value of which, on a particular date will be the market value of the equivalent number of Common Shares at that date. The value of the DPUs presented above was calculated as the Common Share price on the TSX on the date the related DPUs were awarded, multiplied by the number of DPUs awarded, with such amount being converted into U.S. dollars on the respective award date. DPUs are fully vested upon issuance. Following the Arrangement, the value of the DPUs will track the value of GWRI's common stock.
- (2) Based on having met minimum ownership threshold of Common Shares, Mr. Alexander, Ms. Theil and Mr. Tedesco elected to receive greater than 50% of their directors' fees in cash.
- (3) At December 31, 2015, Mr. Alexander held 14,767 DPUs with an estimated payout value of \$80,695 (calculated as the Common Share price on the TSX on the close of business on December 31, 2015, multiplied by the number of DPUs outstanding, with such amount being converted into U.S. dollars at a rate of \$0.7209 per C\$1.00).
- (4) At December 31, 2015, Ms. Theil held 48,622 DPUs with an estimated payout value of \$265,689 (calculated in the manner described above in footnote 3).
- (5) At December 31, 2015, Mr. Tedesco held 24,730 DPUs with an estimated payout value of \$135,134 (calculated in the manner described above in footnote 3).

Outstanding Share-Based Awards

The following table sets forth the number and value of the DPUs held by the independent directors of GWRC and GWRI as of December 31, 2015:

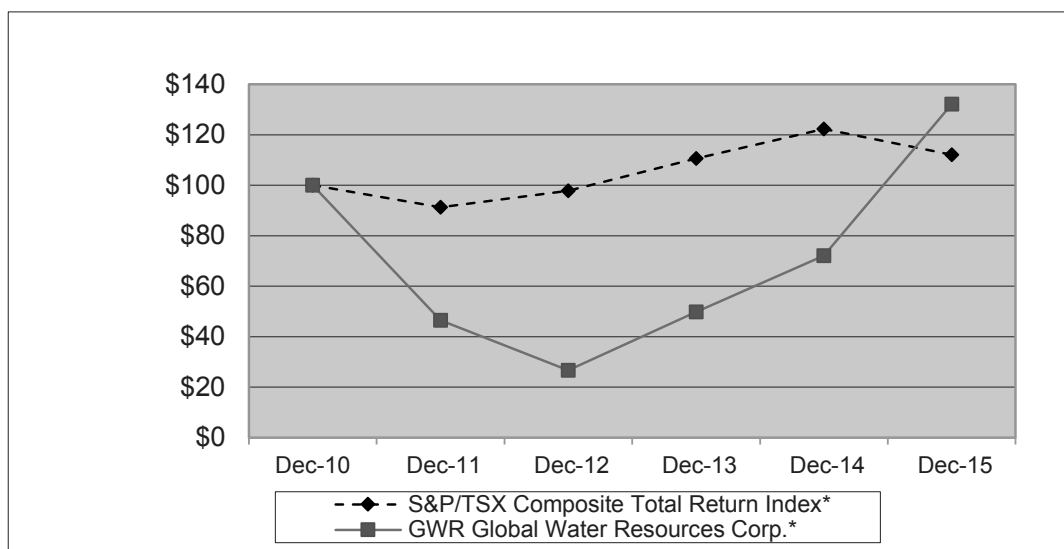
Name	Number of DPUs held	Estimated payout value of vested DPUs not paid out⁽¹⁾ US\$
Richard M. Alexander	14,767	80,695
L. Rita Theil	48,622	265,689
David C. Tedesco	24,730	135,134

- (1) The estimated payout value of the DPUs was calculated as the Common Share price on the TSX on the close of business on December 31, 2015, multiplied by the number of DPUs outstanding, with such amount being converted into United States dollars at a rate of US \$0.7209 per C\$1.00.

Performance Graph

The following graph compares the quarterly percentage change in GWRC's cumulative total shareholder return for C\$100 invested in its Common Shares against the cumulative total shareholder return of the S&P/TSX Composite Total Return Index from the completion of the GWRC's IPO on December 30, 2010 to December 31, 2015.

The Common Shares trade on the TSX under the trading symbol: "GWR".



* \$100 invested on 12/30/2010 in stock or index, assuming reinvestment of dividends.

	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15
GWR Global Water Resources Corp.	100.00	46.53	26.67	49.87	72.13	132.08
S&P/TSX Composite Total Return Index	100.00	91.29	97.85	110.56	122.23	112.06

As discussed above, compensation is not directly tied to share performance. However, to the extent that equity-linked awards are made, the awards will increase in value when the share price rises and will not realize any value or will decrease in value as the share price falls.

MANAGEMENT AGREEMENT

GWRC and GWRI have entered into the Management Agreement pursuant to which GWRI provides certain administrative and advisory services to GWRC, including: (a) monitoring compliance by GWRC with the constraints on the ownership of Common Shares by U.S. Persons as imposed by the United States Investment Company Act of 1940; (b) managing the timely preparation of the annual and interim financial statements of GWRC, as well as relevant tax information, and providing or causing the same to be provided to the holders of Common Shares, as appropriate; (c) managing the audit of the annual financial statements of GWRC by GWRC's auditors; (d) rendering such services as requested by GWRC's officers or the Board of Directors to implement the advice of the professionals engaged by GWRC for advice regarding compliance

by GWRC with all applicable laws and stock exchange requirements including, without limitation, all continuous disclosure obligations under Securities Laws; (e) providing investor relations services for GWRC; (f) managing the logistics of calling and holding all annual and/or special meetings of Shareholders and preparing, and arranging for the distribution of all materials (including notices of meetings and information circulars) in respect thereof; (g) managing the timing and terms of future offerings of securities of GWRC, if any, as requested by the Board of Directors or the officers of GWRC; (h) promptly notifying GWRC of any information or event that, to GWRI's knowledge, might reasonably be expected to have a material adverse effect with respect to GWRC or that might reasonably be expected to be a "material change" or "material fact" as regards to GWRC or GWRI; and (i) providing all other services as may be requested by GWRC, for the administration of the business and affairs of GWRC. GWRI is not entitled to any fee for its services under the Management Agreement and no amount was paid by GWRC to GWRI for the provision of services under the Management Agreement in 2015. GWRI's address is 21410 N. 19th Avenue, Suite 220, Phoenix, Arizona, U.S.A., 85027.

The Management Agreement may be terminated (i) by GWRC, in its sole discretion, by notice in writing to GWRI at least 30 days prior to the effective date of termination; (ii) by either party in the event of the termination of the existence of GWRC or the insolvency, receivership or bankruptcy of GWRI, or in the case of default by the other party in the performance of a material obligation under the Management Agreement which is not remedied within 30 days after notice thereof has been delivered to the defaulting party; and (iii) if GWRC no longer holds voting securities of GWRI. The Management Agreement will be terminated on completion of the Arrangement.

A copy of the Management Agreement is available on GWRC's SEDAR profile at www.sedar.com.

DIRECTORS AND OFFICERS OF GWRI

The following table sets out the name, municipality of residence, positions with GWRI and principal occupation for the individuals who are, or at any time during 2015 were, directors and officers of GWRI.

Name and Place of Residence	Position with GWRI	Principal Occupation
William S. Levine Phoenix, Arizona, USA	Director	Managing Partner, Levine Investments Limited Partnership
Trevor T. Hill Phoenix, Arizona, USA	Chairman of the Board of Directors	President and CEO of Global Water Management, LLC
David C. Tedesco Scottsdale, Arizona, USA	Director	Chief Executive Officer, True North Companies
Richard M. Alexander Calgary, Alberta, Canada	Director	President and Chief Executive Officer of Parallel Energy Trust
L. Rita Theil Aurora, Ontario, Canada	Director	Corporate Finance Director of Pieridae Energy Ltd.

Cindy M. Bowers ⁽¹⁾ Grenada, Mississippi, USA	Director	Director of GWRI
Ron Fleming ⁽²⁾ Phoenix, Arizona, USA	President and Chief Executive Officer	President and Chief Executive Officer of GWRI
Michael J. Liebman Phoenix, Arizona, USA	Chief Financial Officer and Corporate Secretary	Chief Financial Officer and Corporate Secretary of GWRI

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- (1) Effective January 1, 2015, Ms. Bowers is no longer employed as Executive Vice President of Investor Relations. Ms. Bowers will continue as a director of GWRI.
- (2) Effective May 2014, Mr. Fleming became President and Interim Chief Executive Officer of GWRC & GWRI. Effective January 1, 2015, Mr. Fleming became Chief Executive Officer of GWRC & GWRI.

For information relating to the composition of the board of directors of GWRI and its committees on completion of the Arrangement, refer to “*Part B — Special Meeting Matters*” under the headings “*Information Concerning GWRC and GWRI — Directors and Executive Officers*”.

CORPORATE GOVERNANCE

Global Water recognizes that good corporate governance plays an important role in its overall success and in enhancing Shareholder value and, accordingly, has adopted certain corporate governance practices which are, to the extent appropriate to Global Water, reflective of the recommended Canadian corporate governance guidelines.

The corporate governance guidelines are set out in National Policy 58-201 of the Canadian Securities Administrators, entitled *Corporate Governance Guidelines*, together with certain related disclosure requirements pursuant to National Instrument 58-101 of the Canadian Securities Administrators, entitled *Disclosure of Corporate Governance Practices*. The Corporate Governance Guidelines are recommended as “best practices” for issuers to follow.

Set out below is a description of the corporate governance practices of Global Water. For information relating to the corporate governance practices of GWRI following the Arrangement, refer to “*Information Concerning GWRC and GWRI*” under the heading “*Corporate Governance*”.

Composition and Independence of the Board

The Board of Directors is comprised of five directors, three of whom are independent as that term is defined under applicable Canadian securities laws. Pursuant to National Instrument 52-110 — *Audit Committees* (“NI 52-110”), an independent director is one who is free from any direct or indirect material relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with a director’s independent judgment. The independent directors of GWRC currently are Richard M. Alexander, L. Rita Theil and David C. Tedesco. Trevor T. Hill is not independent because he was recently an executive officer of GWRC, and William S. Levine is not independent because he is a significant shareholder of both GWRC and GWRI, holding 1,600,000 Common Shares and 44,488 shares of common stock of GWRI (or

approximately 18.3% and 24.6% of the currently outstanding Common Shares and shares of common stock of GWRI, respectively).

Pursuant to the Corporate Governance Guidelines, GWRC takes steps to ensure that adequate structures and processes are in place to permit the Board of Directors to function independently of management of GWRC. The independent directors hold in camera sessions without management and non-independent directors present at each meeting of the Board of Directors. Compensation of the officers of GWRC, to the extent applicable, is determined and reviewed by the Board of Directors. See “*Compensation Discussion and Analysis*.”

The Chairman of the Board of Directors is not an independent director and there is no independent lead director. However, independent directors are free to add items to agendas of the Board of Directors or committee meetings or to request the calling of Board of Directors meetings where deemed necessary and all directors of GWRC are invited to raise issues not on the agenda at any Board of Directors or committee meeting. In addition, all three committees of the boards of each of GWRC and GWRI are composed entirely of independent directors, who may meet any time they deem appropriate without management and non-independent directors.

Majority Voting Policy

The Board of Directors has adopted a policy which provides that, if the total number of votes withheld exceed the number of votes cast in favour of a director nominee, the director must immediately submit his or her resignation to the Chairman of the Board of Directors, to be effective when accepted by the Board of Directors. The Corporate Governance, Nominating, Environmental and Health & Safety Committee will consider and make a recommendation to the Board of Directors regarding the resignation, and the Board of Directors’ decision to accept or reject the resignation will be made and disclosed publicly within 90 days of the Shareholders’ meeting. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Governance, Nominating, Environmental and Health and Safety Committee or any other sub-committee of the Board of Directors at which the resignation is considered. The Board of Directors will accept the resignation absent exceptional circumstances. If a resignation is accepted, the Board of Directors may: (i) leave the vacancy unfilled until the next annual Shareholders’ meeting; (ii) appoint a new director to fill the vacancy; or (iii) call a special Shareholders’ meeting to fill the vacancy. If the resignation is not accepted, the Board of Directors will state its reason for that decision in the news release announcing the decision. This policy applies only to uncontested elections — that is, elections in which the number of nominees for director is equal to the number of directors to be elected.

Outside Directorships

The following director of GWRC is presently a director of other reporting issuers (or the equivalent) in Canada, the United States or another foreign jurisdiction:

<u>Director</u>	<u>Public Company Board Membership</u>
Richard M. Alexander	Parallel Energy Trust, Pan Orient Energy Corp. and Oryx Petroleum Corporation Limited

Attendance of Directors

The following table sets forth the number of Board of Directors and committee meetings held and attendance (in person or by telephone) by the Board of Directors for the year ended December 31, 2015:

Director	Board of Directors Meetings⁽¹⁾	Audit and Risk Committee Meetings	Corporate Governance, Nominating, Environmental and Health & Safety Committee Meetings	Compensation Committee Meetings
William S. Levine	5 of 5	—	—	—
Trevor T. Hill	5 of 5	—	—	—
Richard M. Alexander	5 of 5	4 of 4	4 of 4	4 of 4
L. Rita Theil	5 of 5	4 of 4	4 of 4	4 of 4
David C. Tedesco	5 of 5	4 of 4	4 of 4	4 of 4

(1) 2 of the 5 board meetings were held by telephone in 2015.

Board Charter

The Board of Directors is responsible for the stewardship and the general supervision of the management of the business of GWRC and has a duty to act in the best interests of GWRC and its Shareholders. The Board of Directors discharges its responsibilities directly and through its committees, which consist of the Audit and Risk Committee, the Compensation Committee and the Corporate Governance, Nominating, Environmental and Health & Safety Committee. In addition, the Board of Directors may from time to time, establish such additional committees as it deems necessary and appropriate in order to discharge its duties. Each committee has its own charter. The Board of Directors meets regularly, but not less than once each quarter, to review the business operations, corporate governance and financial results of GWRC. Meetings of the Board of Directors also include regular meetings of the independent members of the Board of Directors without management being present.

The Board of Directors' mandate is the stewardship of GWRC and its responsibilities include the assignment to the various committees of directors the general responsibility for developing and implementing GWRC's approach to corporate governance and nomination of directors, financial reporting and internal controls and compensation matters. The Board of Directors' mandate is attached as Appendix A to this Circular.

With the assistance of the Audit and Risk Committee, the Board of Directors is responsible for: (i) ensuring the integrity of GWRC's internal controls and management information systems; (ii) ensuring GWRC's ethical behaviour and compliance with laws and regulations, audit and accounting principles and GWRC's own governing documents; and (iii) identifying the principal risks of GWRC's business and ensuring that appropriate systems are in place to manage these risks.

With the assistance of the Compensation Committee, the Board of Directors is responsible for: (i) the approval of the compensation of the senior management team; (ii) succession planning including the selection, training, appointment, monitoring evaluation and, if necessary, the replacement of the senior management to ensure management succession; (iii) the adoption of a strategic planning process, approval at least annually of a strategic plan that takes into account business opportunities and business risks identified by the Board of Directors and/or the Audit and Risk Committee and monitoring performance against such plans; (iv) the review and approval of corporate objectives and goals applicable to GWRC's senior management; (v) reviewing with senior management material transactions outside the ordinary course of business and such other major corporate matters which require the Board of Directors' approval including the payment of dividends, the issue, purchase and redemption of securities, acquisitions and dispositions of material assets and material capital expenditures and approving such decisions as they arise; and (vi) establishing measures for receiving feedback from, and communication with, GWRC's investors and securityholders.

With the assistance of the Corporate Governance, Nominating, Environmental and Health & Safety Committee, the Board of Directors is responsible for: (i) reviewing the composition of the Board of Directors and ensuring it respects its independence criteria; (ii) the assessment, at least annually, of the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contribution of individual directors, including, consideration of the appropriate size of the Board of Directors; and (iii) approving and revising from time to time, as circumstances warrant, a corporate disclosure and communications policy to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and communities in which the business of GWRC is conducted.

The Board of Directors of GWRI

The GWRI Board is responsible for overseeing the management and affairs of GWRI. The GWRI Board assumes responsibility for the stewardship of GWRI. The GWRI Board operates under a charter that is substantially similar to that of the Board of Directors. The GWRI Board has approved charters for each of the GWRI board committees, which are substantially similar to the charters for the committees of the Board of Directors. At least annually, the GWRI Board reviews each of the GWRI board committee charters and any suggested amendments are considered and, if thought advisable, approved.

The GWRI Board has delegated to the applicable committee those duties and responsibilities set out in each committee's charter and may further delegate, from time to time, such matters as the GWRI Board is authorized to delegate by applicable laws and regulations. As required, or as considered advisable, the GWRI Board considers for approval the specific matters delegated for review to the GWRI board committees.

Code of Conduct and Ethics

The Board of Directors has adopted a written code of business conduct and ethics. The code of business conduct and ethics is intended to document the principles of conduct and ethics to be followed by GWRC. Its purpose is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest. All employees, officers and directors

of GWRC are also required to adhere to GWRC's timely disclosure, confidentiality and insider trading policies.

Any person subject to the code of business conduct and ethics will be required to avoid situations where their personal interest could conflict with, or even appear to conflict with, the interests of GWRC and its Shareholders. In the event that any conflict or potential conflict of interest arises involving an employee or an officer, the individual involved must immediately notify the President and Chief Executive Officer or, in the case of a conflict involving the President and Chief Executive Officer, the Chairman of the Board of Directors in writing and no further action may be taken unless authorized by the President and Chief Executive Officer or Chairman of the Board of Directors, as applicable. In the event that any potential conflict of interest arises involving a director of GWRC, the individual must immediately notify the Chairman of the Board of Directors or, in the case of a conflict involving the Chairman of the Board of Directors, the Chair of the Corporate Governance, Nominating, Environmental and Health & Safety Committee, in writing and no further action may be taken unless authorized by the Chairman of the Board of Directors and/or the Chair of the Corporate Governance, Nominating, Environmental and Health & Safety Committee, as applicable.

Through GWRC's whistleblower policy, the Board of Directors has established procedures that allow confidential and anonymous submission of concerns to the Chair of the Audit and Risk Committee (who is independent of management of Global Water) regarding any accounting or auditing matter or any other matter believed to be in violation of the code of business conduct and ethics. Any complaints received are acknowledged and promptly investigated by the Chair of the Audit and Risk Committee, who will maintain a log of all complaints that are received, tracking their receipt, investigation and resolution. Any complaints that relate to a questionable accounting or auditing matter will be immediately brought to the attention, and reviewed under the direction, of the Audit and Risk Committee.

The Board of Directors (or any committee to whom that authority has been delegated) can grant waivers of compliance with the code of business conduct and ethics. No such waiver has been granted since the adoption of the code of business conduct and ethics and consequently, GWRC has filed no material change reports pertaining to any conduct of a director or executive officer of GWRC that constitutes a departure from the code of business conduct and ethics.

A copy of the code of business conduct and ethics is available upon written request to Michael J. Liebman, Chief Financial Officer and Corporate Secretary of GWRC, 21410 N. 19th Avenue, Suite 220, Phoenix, Arizona, USA, 85027, and may also be found on SEDAR at www.sedar.com.

Gender Diversity

Global Water values and welcomes gender diversity on the Board of Directors and in executive officer positions. The Board of Directors, however, has not adopted a written policy relating to the identification and nomination of women directors (a "gender diversity policy") nor has it set specific targets for women as Board of Director nominations and appointments have historically been assessed solely based upon the merits of the candidates, in the context of the skills, experience and independence that the Board of Directors requires in order to be effective.

Similar to Board of Director appointments, the level of representation of women in executive officer positions is not considered when filling executive officer roles, nor is there a target for women in executive officer positions as GWRC has historically assessed these selections based solely upon the merits of the candidates.

Currently, there is one woman on the Board of Directors and two women on the GWRI Board, which represent 20% and 33% of the directors, respectively. There are currently no executive officers of GWRC or GWRI who are women, which represents 0% of the executive officers of either company.

The Corporate Governance, Nominating, Environmental and Health & Safety Committee is expected to consider the benefits of implementing formal policies regarding gender diversity at the Board of Directors and executive management.

Board Renewal

Term limits have not been established for the Board of Directors, however, there are other mechanisms in place relating to the renewal of the Board of Directors. The charter of the Corporate Governance, Nominating, Environmental and Health & Safety Committee provides that its responsibilities include assessing, at least annually, the effectiveness of the Board of Directors as a whole, committees of the Board of Directors and the contribution of individual directors. The charter dictates that they will recommend where appropriate that a sitting director be removed or not re-appointed and establishes qualifications for directors and procedures for identifying possible nominees who meet these criteria. Additionally, the Board of Directors is responsible for ongoing assessments of the Board of Directors, committees and individual directors.

Orientation and Continuing Education

All new directors of GWRC are required to participate in an orientation program under which a new director will meet separately with members of the executive team. A new director will be presented with a director manual that reviews the Board of Directors' policies and procedures, Global Water's current strategic plan, financial plan and capital plan, the most recent annual and quarterly reports and materials relating to key business issues. All new directors will also receive:

- a detailed briefing with the Chairman of the Board of Directors;
- a detailed briefing with the Chair of each of the Audit and Risk Committee, Compensation Committee and Corporate Governance, Nominating, Environmental and Health & Safety Committee;
- a detailed briefing with the independent directors of GWRC;
- a detailed briefing on the legal duties and obligations required of a director of a publicly-held company;

- a detailed briefing on Global Water and its business by the Chief Executive Officer and Chief Financial Officer of Global Water and other members of senior management, including a discussion of Global Water's key operations; and
- a tour of Global Water's head office and facilities.

The Board of Directors encourages the directors to take relevant training programs offered by different regulatory bodies and gives them the opportunity to expand their knowledge about the nature and operations of Global Water.

Global Water has a continuing education program for its directors, for which the Corporate Governance, Nominating, Environmental and Health & Safety Committee is responsible. The program was developed to help directors maintain or enhance their skills and abilities, and update their knowledge and understanding of Global Water and the U.S. water industry. The key components of the program include:

- ***Regular briefings.*** Directors are briefed regularly (and at least on a quarterly basis) on strategic issues affecting Global Water, and these briefings include reviews of the competitive environment, Global Water's performance relative to its peers, and any other developments that could materially affect Global Water's business such as developments in the regulation of water utilities. The briefings are conducted by the Chief Executive Officer and Chief Financial Officer of GWRC and GWRI and other members of the executive management team, as well as external advisors to Global Water.
- ***Internal educational seminars.*** The Corporate Governance, Nominating, Environmental and Health & Safety Committee also plans training activities to be held at certain Board of Directors meetings, in addition to regular education sessions and presentations made to the Board of Directors. For example, recent presentations and site tours have been made to the Board of Directors relating to water, wastewater and recycled water operations and related environmental and health and safety regulatory compliance controls and reporting performed by Global Water.

Nomination of Directors

The Corporate Governance, Nominating, Environmental and Health & Safety Committee is composed entirely of independent directors and is responsible for identifying new candidates for the position of director of GWRC. The Corporate Governance, Nominating, Environmental and Health & Safety Committee considers the qualities and skills that the Board of Directors, as a whole, should have and assesses the competencies and skills of the current members of the Board of Directors. Based on the competence and skills then represented on the Board of Directors, the Corporate Governance, Nominating, Environmental and Health & Safety Committee identifies the specific skills, personal qualities or experiences that a candidate should possess in light of the opportunities and risks facing Global Water. In this context, the Corporate Governance, Nominating, Environmental and Health & Safety Committee will carefully review and assess the professional skills and abilities, the personality and other qualifications of each candidate, including their independence, financial literacy, experience, and the time and energy that the

candidate is able to devote to the task as well as the contribution that he or she can make to the Board of Directors.

GWRC may engage outside advisors to assist in identifying potential candidates. The Corporate Governance, Nominating, Environmental and Health & Safety Committee will also consider recommendations for director nominees submitted by Shareholders.

Compensation

The Compensation Committee is composed entirely of independent directors and is responsible for determining the compensation of the Board of Directors, the GWRI Board and the executive officers of GWRC and GWRI. The Compensation Committee reviews performance annually. See “*Compensation Discussion and Analysis*”.

Assessments

The Board of Directors is responsible for the ongoing assessment of the Board of Directors, committees and individual directors. Performance or contribution issues, if any, are dealt with on an ad hoc basis. If appropriate, the Board of Directors will consider any procedural or substantive changes necessary to increase the effectiveness of the Board of Directors and its committees. On an informal basis, the Chairman of the Board of Directors is also responsible for reporting to the Board of Directors on areas where improvements can be made. Any agreed upon improvements required to be made will be implemented and overseen by the Governance, Nominating, Environmental, Health & Safety Committee. A more formal assessment process will be instituted as, if, and when the Board of Directors considers it to be necessary.

Chief Executive Officer

The Chief Executive Officer is responsible for carrying out the strategic plan for Global Water and providing leadership, direction and support to Global Water including to the members of the boards in the exercise of their duties.

Committees of the Board of Directors

The Board of Directors has delegated to the applicable committee those duties and responsibilities as are set out in each committee’s charter and may further delegate, from time to time, such matters as the Board of Directors is authorized to delegate by applicable laws and regulations. As required, or as considered advisable, the Board of Directors considers for approval the specific matters delegated for review to the committees of the Board of Directors.

There are no specific written position descriptions for the Chairman of the Board of Directors or the Chair of each committee; however there are written mandates that identify the responsibilities of each committee and the chair of the committee is responsible for providing guidance and direction to the committee and ensuring that the committee fulfills the mandate.

To facilitate communication between the Board of Directors and its committees, each committee Chair is required to provide a report to the Board of Directors on material matters

considered by the committee at the next Board of Directors meeting after each meeting of the committee.

Audit and Risk Committee

The Audit and Risk Committee is currently comprised of David C. Tedesco, L. Rita Theil and Richard M. Alexander, with Richard M. Alexander serving as chair of the committee. The Audit and Risk Committee assists the directors of Global Water in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of Global Water, the adequacy of internal accounting controls and procedures and the quality and integrity of financial statements. The Audit and Risk Committee is also responsible for reviewing Global Water's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board of Directors. Each member of the Audit and Risk Committee is financially literate and independent as required under NI 52-110.

The Board of Directors has adopted a written charter for the Audit and Risk Committee which sets out the Audit and Risk Committee's responsibility in reviewing the financial statements of GWRC and public disclosure documents containing financial information and reporting on such review to the Board of Directors, ensuring that adequate procedures are in place for the review of GWRC's public disclosure documents that contain financial information, overseeing the work and reviewing the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. Further information about the Audit and Risk Committee and the external auditor, including the relevant education and experience of each member of the Audit and Risk Committee, can be found on pages 51 to 52 of the AIF and a copy of the Audit and Risk Committee Charter is attached as Schedule A to the AIF. The AIF is available on GWRC's SEDAR profile at www.sedar.com.

Compensation Committee

The Compensation Committee is currently comprised of, L. Rita Theil, Richard M. Alexander and David C. Tedesco, each of whom is independent within the meaning of NI 52-110. David C. Tedesco is currently the chair of the Compensation Committee. The Compensation Committee assists the directors in fulfilling their responsibilities with respect to the compensation practices and procedures for senior management, directors and key employees of Global Water. The Compensation Committee's responsibilities include the following:

- evaluating the performance of the Chief Executive Officer based on established criterion and agreed key performance indicators and reviewing, approving and recommending to the Board of Directors the compensation of the CEO based on the evaluation;
- setting performance goals for senior management and key employees of Global Water and reviewing their performance against these goals;
- approving executive compensation, incentive-based plans and equity-based plans;

- reviewing and recommending compensation policies for the Board of Directors and the GWRI Board and members of the committees of the boards;
- researching and identifying trends in employment benefits, and where necessary, utilizing the services of specialist compensation consultants; and
- establishing and periodically reviewing compensation policies in view of the strategic plan of Global Water and comparable industry practices.

The Compensation Committee has sole authority to retain compensation consultants and determine the terms of such retention and Global Water will provide appropriate funding for such. The Compensation Committee may also request officers of Global Water to attend meetings or to provide information as necessary.

All members of the Compensation Committee have direct experience that is relevant to their responsibilities in executive compensation, including with respect to making informed decisions on the suitability of Global Water's compensation policies and practices. The Board of Directors believes that the experience and depth of knowledge of compensation collectively reflected in the Compensation Committee membership provides the capability and perspective to successfully oversee Global Water's compensation program, having due regard to Global Water's size and stage of development.

The following is a brief summary of the relevant skills and experience of each member of the Compensation Committee:

Committee Member	Relevant Education and Experience
Richard M. Alexander	<ul style="list-style-type: none"> • Most recently served as the President and Chief Executive Officer and director of Parallel Energy Trust • Currently serves on the compensation committee for Oryx Petroleum Corporation Limited • Currently serves as a director and member of Pan Orient Energy Corp.'s audit committee • Previously served as President and Chief Operating Officer of AltaGas Ltd. and previously served as its Chief Financial Officer • Previously served on the compensation committee for Marquee Energy Ltd. • Previously served as Vice President and Chief Financial Officer of Niko Resources Ltd. • Holds a Chartered Financial Analyst designation • Licensed as a chartered management accountant • Holds a Bachelor of Business Management from Ryerson University

Committee Member	Relevant Education and Experience
L. Rita Theil	<ul style="list-style-type: none"> • Currently serves as Corporate Finance Director for Pieridae Energy Ltd., responsible for corporate finance and corporate development • Currently serves as Chief Executive Officer of JacKryn Holding Inc., a financial consulting firm. • Served as a director and chairman of the compensation committee for Sierra Geothermal Power Corp. for the life of the company • Served as director and chairman of the remuneration committee of Scottish Water plc. from 2000-2008 • Extensive experience in investment banking advising global energy and utility companies • Holds a LLB and Master in Business Administration degree from the University of Ottawa and a Chartered Director (C. Dir.) designation from The Directors College (a joint venture of McMaster University and The Conference Board of Canada)
David C. Tedesco	<ul style="list-style-type: none"> • Currently serves as Chief Executive Officer of True North Companies • Currently serves as a director for Passport Health, Anmark Machine, Jokake Companies, His, ProGard, Midwest Products, CIRS, SAARC, YPO, Valley of the Sun, United Way of Phoenix and the Nature Conservancy • Recognized with Spirit of Philanthropy award and the Clara Barton Award from the American Red Cross

No compensation consultants were hired during 2015.

Corporate Governance, Nominating, Environmental and Health & Safety Committee

The Corporate Governance, Nominating, Environmental and Health & Safety Committee is comprised of L. Rita Theil, Richard M. Alexander and David C. Tedesco, each of whom is independent within the meaning of NI 52-110. L. Rita Theil is the chair of the Corporate Governance, Nominating, Environmental and Health & Safety Committee.

The charter of the Corporate Governance, Nominating, Environmental and Health & Safety Committee provides that its responsibilities include: (i) reviewing on a periodic basis, the size and composition of the Board of Directors; (ii) reviewing the directors' relationships with regard to conflicts of interest and potential conflicts of interest; (iii) determining the independence of the members of the Board of Directors; (iv) ensuring that an appropriate number of independent directors sit on the Board of Directors; (v) assessing, at least annually, the effectiveness of the Board of Directors as a whole, committees of the Board of Directors and the contribution of individual directors, including making recommendations where appropriate that a sitting director of GWRC be removed or not re-appointed; (vi) ensuring that disclosure and securities compliance policies, including communications policies, are in place; (vii) reviewing and submitting to the Board of Directors recommendations concerning the committee's performance and processes; and

(viii) establishing qualifications for directors and procedures for identifying possible nominees who meet these criteria.

OTHER INFORMATION

Indebtedness of Directors and Officers and GWRI

No amounts are, or have been at any time during GWRC's most recently completed financial year, owed to GWRC, or to another entity if the indebtedness is subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding with GWRC by: (i) any executive officer, director, or employee of Global Water; (ii) any former executive officer, director, or employee of Global Water; or (iii) any associate or affiliate of any of the foregoing. During 2015, GWRI was not indebted to GWRC.

Conflicts of Interest

To the best of GWRC's knowledge, there are no known existing or potential conflicts of interest among GWRC or GWRI or any of their respective subsidiaries, promoters, directors or officers at the date hereof. However, certain of the directors and officers serve as directors and officers of other companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of GWRC or GWRI. Directors are required to act honestly and in good faith with a view to the best interests of GWRC. In addition, directors in a conflict of interest position are required to disclose certain conflicts to GWRC and to abstain from voting in connection with the matter.

Interests of Informed Persons in Material Transactions

Other than as disclosed elsewhere in this Circular, GWRC is not aware of any material interest, direct or indirect, of any informed person of GWRC, any proposed director of GWRC, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of GWRC's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect GWRC or any of its subsidiaries.

For the purposes of this Circular an "informed person" means a director or executive officer of GWRC, a director or executive officer of a person or company that is itself an "informed person" or subsidiary of GWRC and any person or company who beneficially owns, directly or indirectly, voting securities of GWRC or who exercises control or direction over, directly or indirectly, voting securities of GWRC or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of GWRC.

PART B — SPECIAL MEETING MATTERS

I. QUESTIONS AND ANSWERS

The information contained below is of a summary nature and therefore is not complete and is qualified in its entirety by the more detailed information contained elsewhere in this Circular, including the appendices to this Circular, the form of proxy or voting instruction form, as applicable, all of which are important and should be reviewed carefully.

Please read the following for commonly asked questions and answers regarding the Arrangement. If you have any questions relating to these matters, please feel free to contact your Intermediary or GWRC's registrar and Transfer Agent.

Q. What am I voting on?

A. You are being asked to approve a plan of arrangement under the BCBCA that will result in a merger of GWRC with and into GWRI under the General Corporation Law of the State of Delaware (the "**Merger**").

Q. What will happen to my Common Shares under the Arrangement?

A. If the Arrangement Resolution is approved by Shareholders and all of the other conditions to closing of the Arrangement are satisfied or waived, you will receive one share of common stock of GWRI in exchange for each Common Share held.

Q. How does the Board of Directors recommend that I vote?

A. The Board of Directors unanimously recommends (with Mr. William S. Levine and Mr. Trevor T. Hill, interested directors, abstaining) that Shareholders vote **FOR** the Arrangement Resolution to approve the Arrangement.

Q. What is the Shareholder approval required to pass the Arrangement Resolution?

A. The Arrangement Resolution must be approved by: (i) at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting; and (ii) at least a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting, excluding the votes cast in respect of the Common Shares held by Ms. Cindy M. Bowers, Mr. Andrew Cohn, Mr. Leo Commandeur, Mr. Daniel Cracchiolo, Mr. Trevor T. Hill, Mr. William S. Levine and Mr. Graham Symmonds, all of whom are also private stockholders of GWRI (collectively, the "**Excluded Persons**"). The Excluded Persons collectively hold approximately 21.6% of the issued and outstanding Common Shares as at the date hereof. Accordingly, if the Arrangement Resolution is approved by 66⅔% of the votes cast by Shareholders present in person or by proxy at the Meeting, the "minority approval" vote described in the foregoing clause (ii) is also assured.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board of Directors, without further notice to or approval of the Shareholders, subject to the terms of the

Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement, or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA.

Q. Do I have dissent rights?

A. Only Registered Shareholders have a right to dissent in respect of the Arrangement and, if the Arrangement becomes effective, to be paid an amount equal to the fair value of their Common Shares. This dissent right and the Dissent Procedures are described in the Circular. Currently, CDS is the sole Registered Shareholder. Accordingly, a Beneficial Shareholder who desires to exercise the right of dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by GWRC or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on the beneficial holder's behalf. **It is recommended that you seek independent legal advice if you wish to exercise your right of dissent. Failure to strictly comply with the Dissent Procedures may result in the loss or unavailability of the Dissent Rights.** See *"The Arrangement — Dissent Rights of Shareholders"*.

Q. Who has agreed to support the Arrangement?

A. All of the directors and the executive officers of GWRC who own Common Shares (including Mr. William S. Levine who has control or direction over approximately 18.3% of the outstanding Common Shares) have advised the Board of Directors that they intend to vote their Common Shares FOR the Arrangement.

Q. Does the Arrangement require the support of GWRI's stockholders?

A. Yes, in order to effect the Arrangement, a majority of the shares of common stock of GWRI must be voted in favour of the Merger under the General Corporation Law of the State of Delaware. All private stockholders holding shares of common stock of GWRI have advised GWRI that they intend to vote their stock in favour of the Merger. Accordingly, assuming the Arrangement Resolution is approved, the GWRI requisite stockholder approval will be satisfied.

Q. In addition to the approval of Shareholders and stockholders of GWRI as described above, are there any other approvals required and conditions to be satisfied for the Arrangement?

A. Yes, the Arrangement requires the approval of the Supreme Court of British Columbia (the "**Court**") and is subject to certain other closing conditions.

Q. What will happen to GWRC if the Arrangement is completed?

A. On the date upon which the Arrangement becomes effective (the "**Effective Date**"), GWRC will merge with and into GWRI under the General Corporation Law of the State of Delaware and as a result, GWRC will cease to exist as a British Columbia corporation and GWRI will be the surviving entity of the Merger. You will receive one share of common stock of GWRI in exchange for each Common Share held.

Q. If the Arrangement is completed, will GWRI be subject to any continuous disclosure obligations under Canadian securities laws?

A. On completion of the Arrangement, GWRI will become a reporting issuer in each of the provinces and territories of Canada and will be subject to continuous disclosure obligations under the applicable securities laws of such jurisdictions. It is expected that GWRI will qualify as an “SEC foreign issuer” under Canadian securities laws, which means that GWRI will be exempt from the continuous disclosure requirements of Canadian securities laws, subject to certain exceptions, if it complies with the reporting requirements applicable in the U.S., including the provisions of the Jumpstart Our Business Startups Act of 2012 (the “**JOBS Act**”) described below, and files its disclosure documents with Canadian securities regulatory authorities.

As a company with less than \$1.0 billion in revenue during its last fiscal year, GWRI will qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the “**JOBS Act**”, under the rules and regulations of the U.S. Securities and Exchange Commission. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies in the U.S. These provisions include: (i) a requirement to have only two years of audited financial statements and only two years of related management’s discussion and analysis of financial condition and results of operations disclosure; (ii) reduced disclosure obligations regarding executive compensation in periodic reports; (iii) no requirement for non-binding advisory votes on executive compensation or golden parachute arrangements; and (iv) an exemption from the auditor attestation requirement in the assessment of GWRI’s internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”). GWRI may take advantage of these provisions for up to five years if it continues to be an emerging growth company. GWRI will cease to be an emerging growth company if it has more than \$1.0 billion in annual revenue, has more than \$700 million in market value of its shares of common stock held by non-affiliates, or issues more than \$1.0 billion of non-convertible debt securities over a three-year period. GWRI will take advantage of some of these reduced burdens.

The JOBS Act permits an emerging growth company, like GWRI, to elect to delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. GWRI will take advantage of this extended transition provision. See “*The Arrangement — Risk Factors Related to the Arrangement, the Ownership of Shares of Common Stock of GWRI and GWRI and the Industry in Which it Operates — Risks Related to Ownership of Shares of Common Stock.*”

Q. What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?

A. If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, GWRC will continue as a public British Columbia corporation and the Common Shares will continue to be listed on the TSX. If the Arrangement is not completed or is delayed for any reason, among other consequences, the market price for the Common Shares may decline. See “*The Arrangement — Risk Factors Related to the Arrangement, the Ownership of Shares of Common Stock of GWRI and GWRI and the Industry in Which it Operates*”.

Q. Will the shares of common stock of GWRI be listed on a stock exchange?

A. The shares of common stock of GWRI have been conditionally approved for listing on the TSX under the symbol “GWR”, subject to the satisfaction of the applicable listing requirements of the TSX. GWRI has applied to have its shares of common stock listed for trading on the NASDAQ Global Market (“**NASDAQ**”) under the trading symbol GWRS. Completion of the Arrangement is conditional on the listing of the shares of common stock of GWRI on the NASDAQ.

Q. Until when will the Common Shares continue to trade on the TSX?

A. The Common Shares will continue to trade on the TSX until the Effective Date. On the Effective Date, GWRC will have merged with and into GWRI and the shares of common stock of GWRI will trade on the TSX.

Q. When will the shares of common stock of GWRI commence trading on the NASDAQ?

A. Subject to receipt of listing approval from the NASDAQ, the shares of common stock of GWRI will commence trading on the NASDAQ on the Effective Date.

Q. Who will be the members of management and on the GWRI Board?

A. GWRC and GWRI have shared management and, accordingly, on completion of the Arrangement there will be no changes to management of GWRI. The GWRI Board will be comprised of the following individuals, all of whom, other than Ms. Cindy M. Bowers and Mr. Ron L. Fleming, are current directors of GWRC. Ms. Cindy M. Bowers is a current director of GWRI and, in the past, has served as the Executive Vice President and Chief Financial Officer of GWRC and GWRI. Mr. Ron L. Fleming is the current President and Chief Executive Officer of GWRC and GWRI and, in the past, has served as Chief Operating Officer of GWRI:

- Mr. Richard M. Alexander – Director
- Ms. Cindy M. Bowers – Director
- Mr. Ron L. Fleming – Director
- Mr. Trevor T. Hill – Chairman of the Board of Directors and Director
- Mr. William S. Levine – Director
- Mr. David C. Tedesco – Director
- Ms. L. Rita Theil – Director

Q. Will GWRI pay dividends?

A. It is currently anticipated that GWRI will pay a regular monthly dividend of U.S.\$0.02 per share (U.S.\$0.24 per share annually), or an aggregate of approximately U.S.\$4.7

million on an annual basis, which is approximately the U.S.\$ equivalent of the current C\$0.0283 monthly dividend of GWRC, based on the Bank of Canada noon exchange rate on January 18, 2016, the day prior to the date that the Arrangement was announced. The declaration and payment of dividends will be subject to compliance with applicable law, and depend on, among other things, its results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in its debt agreements and in any preferred stock, business prospects and other factors that the GWRI Board may deem relevant.

Q. How will dividends of GWRI received by stockholders following completion of the Merger be taxed under applicable Canadian and U.S. tax laws?

A. Following the Merger, any dividends received by an individual GWRI stockholder resident in Canada for purposes of the *Income Tax Act* (Canada) and the regulations thereunder (the “**Tax Act**”) generally will be included in such stockholder’s income and will not be eligible for the gross-up and dividend tax credit treatment generally applicable to dividends on shares of taxable Canadian corporations. Generally, any dividends received by a GWRI stockholder that is a corporation resident in Canada for purposes of the Tax Act will be included in calculating that stockholder’s income and will generally not be deductible in computing taxable income.

Following the Merger, dividends paid to a GWRI stockholder not resident in Canada for purposes of the Tax Act will not be subject to Canadian withholding tax.

Following the Merger, distributions made by GWRI out of its current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be subject to U.S. federal income tax as dividends. Such dividends paid by GWRI to Non-U.S. Holders (as defined in “*Certain United States Federal Income Tax Considerations*” in this Circular) generally will be subject to a 30% U.S. federal withholding tax (or such lower rate as may be specified by an applicable income tax treaty). Such dividends paid by GWRI to U.S. Holders (as defined in “*Certain United States Federal Income Tax Considerations*” in this Circular) generally will be subject to tax as ordinary income, except that dividends received by certain non-corporate U.S. Holders, including individuals, may be taxed at the preferential rates applicable to long-term capital gains, provided certain holding period and other requirements are satisfied, and dividends received by corporate U.S. Holders may be eligible for a dividends-received deduction, subject to applicable limitations. Distributions that exceed GWRI’s current and accumulated earnings and profits will be treated first as a tax-free return of capital to the extent of a holder’s adjusted tax basis in its shares of common stock of GWRI, and thereafter as gain from the sale or exchange of shares of common stock of GWRI.

The foregoing is qualified in its entirety by the more detailed description of income tax considerations in “*The Arrangement — Certain Canadian Federal Income Tax Considerations*” and “*The Arrangement — Certain United States Federal Income Tax Considerations*” in this Circular, which Shareholders are urged to read.

Q. How are Options and SARs being treated in the Arrangement?

A. Under the Arrangement, each outstanding Option will, without any further action on the part of any holder of Options, be exchanged for an option (each, a “**Replacement Option**”)

to acquire, on the same terms and conditions as were applicable under such Option immediately prior to the Effective Time, such number of shares of common stock of GWRI equal to that number of Common Shares that were issuable upon the exercise of such Option immediately prior to the Effective Time, at an exercise price per share of common stock of GWRI equal to the U.S.\$ equivalent (based on the Bank of Canada noon exchange rate one business day prior to the Effective Date) of the exercise price per Common Share at which such Option was exercisable immediately prior to the Effective Time.

Under the Arrangement, each outstanding SAR will, without any further action on the part of any holder of SARs, be exchanged for an award (a “**Replacement SAR**”) granted by GWRI, on the same terms and conditions as were applicable under such SAR immediately prior to the Effective Time, with a value equal to the U.S.\$ equivalent (based on the Bank of Canada noon exchange rate one business day prior to the Effective Date) of the value of such SAR immediately prior to the Effective Time and shall be determined with reference to shares of common stock of GWRI. See “*The Arrangement — Effect of the Arrangement — Effect on Holders of Options, SARs, PSUs and DPUs*”.

Q. How are Deferred Phantom Units and Phantom Stock Units being treated in the Arrangement?

A. DPUs and PSUs are share-based compensation awards that have been issued to directors of GWRC and GWRI and certain officers of GWRI. Under the Arrangement, each outstanding DPU and PSU will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that the terms of the DPU or PSU, as applicable, shall be amended so as to substitute for the Common Shares subject to the DPU or PSU, as applicable, such number of shares of common stock of GWRI equal to the number of Common Shares subject to the DPU or PSU immediately prior to the Effective Time. See “*The Arrangement — Effect of the Arrangement — Effect on Holders of Options, SARs, PSUs and DPUs*”.

Q. What are the Canadian and U.S. income tax consequences of the Arrangement to me as a Shareholder?

A. The Merger will have income tax consequences under the laws of both Canada and the United States. Shareholders are encouraged to review the principal Canadian and U.S. tax considerations in connection with the Arrangement in this Circular, see “*The Arrangement — Certain Canadian Federal Income Tax Considerations*” and “*The Arrangement — Certain United States Federal Income Tax Considerations*”. Your tax consequences will depend on your particular situation. You should consult your own tax advisor for a full understanding of the applicable federal, provincial, state, local, foreign and other tax consequences to you resulting from the Arrangement.

Q. What if I have other questions?

A. If you have a question regarding the Meeting, please contact GWRC’s registrar and transfer agent, TMX Equity Transfer Services at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or at 1.866.393.4891 toll-free or by email at TMXInvestorServices@tmx.com.

II. THE ARRANGEMENT

Background to the Arrangement

In accordance with its strategic plan launched in 2012, management, under the direction of the Board of Directors, has been working towards executing on a series of key initiatives designed to maximize shareholder value by streamlining and focusing GWRC on its original business model and core assets. In 2013, GWRI sold its FATHOM™ Utility-to-Utility Solutions business (retaining a minority interest), as well as some non-core assets. In 2014, the Arizona Corporation Commission approved GWRI's rate case settlement agreement and GWRI collected on the final amounts owing under its litigation with the Sierra Negra Ranch. Following these successes, GWRC introduced a monthly cash dividend in the amount of C\$0.022 per Common Share, or C\$0.264 per Common Share on an annualized basis. Since that time, GWRC has executed on several other non-core asset sales and has increased its monthly dividend three times.

While management has successfully implemented a number of key initiatives over the past few years, it believes that there still remains an opportunity to improve the liquidity of the public equity by simplifying the overall corporate structure of the organization and widening the investor base, thereby enhancing shareholder value over the medium to long-term. The Board of Directors believes that the Arrangement will be the most effective way to achieve these goals.

Effect of the Arrangement

If the Arrangement Resolution is approved by Shareholders and all of the other conditions to closing of the Arrangement are satisfied or waived, it will result in GWRC merging with and into GWRI under the General Corporation Law of the State of Delaware (the “**DGCL**”) and as a result, GWRC will cease to exist as a British Columbia corporation and GWRI will be the surviving entity of the Merger.

Effect on Shareholders

Pursuant to the Arrangement, Shareholders will receive one share of common stock of GWRI for each Common Share held. As a result, on completion of the Arrangement, the current public shareholders of GWRC will own approximately 37.5% of GWRI and the current private shareholders of GWRC and GWRI will own approximately 62.5% of GWRI. Accordingly, your economic and voting interest in respect of the business of GWRI will remain unchanged and, instead of holding your interest in the business of GWRI indirectly through ownership of Common Shares, you will hold your interest in the business of GWRI directly through ownership of shares of common stock of GWRI. See also “*The Arrangement — Details of the Arrangement*”.

Effect on Holders of Options, SARs, PSUs and DPU's

Under the Arrangement, each outstanding Option will, without any further action on the part of any holder of Options, be exchanged for a Replacement Option to acquire, on the same terms and conditions as were applicable under such Option immediately prior to the Effective Time, such number of shares of common stock of GWRI equal to that number of Common Shares that were issuable upon the exercise of such Option immediately prior to the Effective Time, at an exercise price per share of common stock of GWRI equal to the U.S.\$ equivalent (based on the

Bank of Canada noon exchange rate one business day prior to the Effective Date) of the exercise price per Common Share at which such Option was exercisable immediately prior to the Effective Time.

Under the Arrangement, each outstanding SAR will, without any further action on the part of any holder of SARs, be exchanged for a Replacement SAR granted by GWRI, on the same terms and conditions as were applicable under such SAR immediately prior to the Effective Time, with a value equal to the U.S.\$ equivalent (based on the Bank of Canada noon exchange rate one business day prior to the Effective Date) of the value of such SAR immediately prior to the Effective Time and shall be determined with reference to shares of common stock of GWRI.

Under the Arrangement, each outstanding DPU and PSU will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that the terms of the DPU or PSU, as applicable, shall be amended so as to substitute for the Common Shares subject to the DPU or PSU, as applicable, such number of shares of common stock of GWRI equal to the number of Common Shares subject to the DPU or PSU immediately prior to the Effective Time.

Approval and Recommendation of the Board of Directors

The Arrangement is a “business combination” within the meaning of Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). MI 61-101 provides that, unless exempted, an issuer proposing to take part in a business combination is required to prepare a formal valuation of the affected securities in the business combination and any non-cash consideration being offered to holders of such affected securities, and to provide holders of the class of affected securities with a summary of such valuation. Pursuant to an order of the Ontario Securities Commission and the Autorité des marchés financiers dated January 27, 2016, GWRC obtained exemptive relief from the formal valuation requirement on the basis that the value of the shares of common stock of GWRI will be, in all material respects, economically equivalent to the value of the Common Shares.

MI 61-101 also requires that, unless exempted, the issuer seek approval of the transaction by a majority of the votes cast by Shareholders present in person or represented by proxy at the meeting, excluding the votes cast in respect of the Common Shares held by, among others, “interested parties” and their “related parties” and “joint actors”, all as defined in MI 61-101. Accordingly, the votes cast in respect of the Common Shares held by the Excluded Persons will be excluded for the purposes of calculating the required minority approval.

After careful consideration, exercising independent judgment and having consulted with GWRC’s legal advisors, the Board of Directors has unanimously determined (with Mr. William S. Levine and Mr. Trevor T. Hill, interested directors, abstaining) that the Arrangement is fair to Shareholders and is in the best interests of GWRC and has authorized the submission of the Arrangement to Shareholders for their approval at the Meeting. **The Board of Directors unanimously recommends (with Mr. William S. Levine and Mr. Trevor T. Hill, interested directors, abstaining) that Shareholders vote FOR the Arrangement Resolution.**

Reasons for the Arrangement

In reaching its determination above, the Board of Directors considered, among other things, the following factors and potential benefits of the Arrangement, each of which supported the decision of the Board of Directors to propose and recommend the Arrangement to Shareholders:

- ***Bond Refinancing.*** Concurrent with the announcement of the Arrangement, GWRI announced that it has filed a registration statement on Form S-1 with the U.S. Securities and Exchange Commission (the “SEC”) for a proposed primary offering of its shares of common stock (the “U.S. IPO”). Following the U.S. IPO, GWRI plans to refinance all of its tax-exempt bonds issued through The Industrial Development Authority of the County of Pima. The loan agreements relating to such bonds provide a redemption option exercisable by GWRI at a price of 103% of the principal amount redeemed, plus interest accrued up to the redemption date, in the event of a “public offering” of ownership interests in GWRI. The U.S. IPO, once completed, will constitute a public offering of ownership interests in GWRI. If GWRI exercises this option, GWRI must complete the redemption within 90 days after closing of the public offering. As of December 31, 2015, the principal balance of such bonds was U.S.\$106.7 million. Based on discussions with lenders, GWRI believes it can reduce the effective interest rate on the outstanding balance by approximately 75 to 150 basis points.
- ***Simplification of Corporate Structure.*** The Arrangement will simplify GWRC’s corporate structure by eliminating one level of holding company ownership, reducing complexity and streamlining our financial reporting and disclosure generally.
- ***Improved Liquidity for Shareholders.*** The Arrangement will result in a larger public float on the TSX which may improve liquidity for the Shareholders. In addition, GWRI has applied to have its shares of common stock listed for trading on the NASDAQ, which is expected to improve GWRI’s liquidity and widen its investor base, thereby enhancing shareholder value over the medium to long-term. Completion of the Arrangement is conditional on the listing of the shares of common stock of GWRI on the NASDAQ.
- ***Increasing Visibility for Investors.*** We believe that a listing of GWRI on the NASDAQ among peer companies should assist investors in evaluating GWRI by providing direct, easily accessible comparable companies. We expect that the improved visibility offered by a U.S. listing should help to increase U.S. analyst coverage, and thereby bring GWRI’s valuation more in line with that of its peers. GWRC also believes that a listing on the NASDAQ will lead to improved access to U.S. investors who may be prohibited from investing in GWRC as a non-U.S. listed stock.
- ***Alignment with Location of Operations.*** GWRC’s sole asset is its approximate 47.8% equity interest in GWRI. GWRC’s head office and all of GWRI’s assets, operations and employees are located in the U.S. Despite these strong connections with the U.S., we believe that we are not uniformly perceived by investors, lenders or potential strategic partners as a U.S. company.

- **Shareholder Support.** All of the directors and the executive officers of GWRC who own Common Shares, (including Mr. William S. Levine who has control or direction over approximately 18.3% of the outstanding Common Shares) have advised the Board of Directors that they intend to vote their Common Shares for the Arrangement.
- **Approval Threshold.** The Arrangement Resolution must be approved by: (i) at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting; and (ii) at least a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting, excluding the votes cast in respect of the Common Shares held by the Excluded Persons. (See “*The Arrangement — Canadian Securities Laws Matters*”).
- **Court Approval.** The Arrangement must be approved by the Court, which will consider among other things, the fairness and reasonableness of the Arrangement to Shareholders.
- **Dissent Rights.** Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise or make arrangements for the exercise of Dissent Rights and receive fair value for their Common Shares.

In the course of its deliberations, the Board of Directors also identified and considered a number of risks and other potentially negative factors relating to the Arrangement, including the following:

- The estimated tax liability to us and to Shareholders that may arise from this transaction. See “*The Arrangement — Certain Canadian Federal Income Tax Considerations*” and “*The Arrangement — Certain United States Federal Income Tax Considerations*”. As of the date hereof, we believe that the Arrangement may be effected without any material adverse tax consequences to GWRC, GWRI or the Shareholders. However, there can be no assurance that GWRC and GWRI will not be subject to material taxation as a result of the Arrangement. See “*Risk Factors Related to the Arrangement — The amount of corporate tax payable by GWRC will be affected by the value of our property on the date of the Merger*”.
- The rights of Shareholders under British Columbia law differ from their rights under the DGCL, which will, in some cases, provide less protection to Shareholders following the Arrangement.
- The Arrangement will result in additional costs whether or not it is completed.
- There can be no certainty that all closing conditions to the Arrangement will be satisfied or waived, or of the timing of their satisfaction or waiver.
- The potential benefits of the Arrangement described in this Circular, including improved liquidity for Shareholders, cannot be assured. In particular, the refinancing of GWRI’s tax-exempt bonds at reduced interest rates or at all will depend on a number of factors that are beyond GWRI’s control, including marketing conditions. Accordingly, no assurance can be given that GWRI will be able to complete the

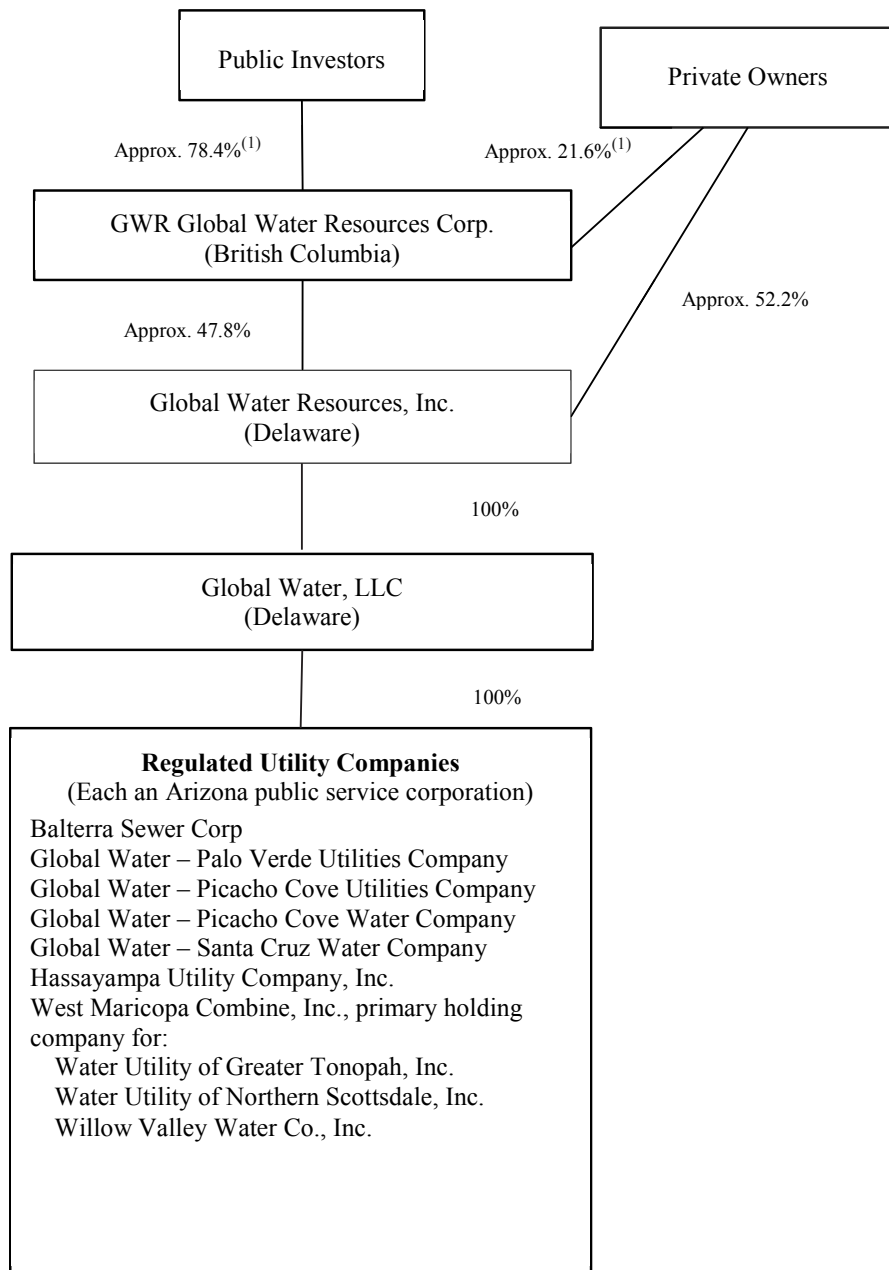
refinancing in a timely manner or at all, or that, if completed, GWRI will be able to reduce the interest rates on its debt as it expects.

The information and factors described above and considered by the Board of Directors in reaching its determination and making its approvals are not intended to be exhaustive but include material factors considered by the Board of Directors. In view of the wide variety of factors considered in connection with its evaluation of the Arrangement and the complexity of these matters, the Board of Directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Board of Directors may have given different weight to different factors.

The Board of Directors believes that the possible risks are outweighed by the potential benefits of the Arrangement and therefore that the above factors, taken as a whole, supported its recommendation of the Arrangement.

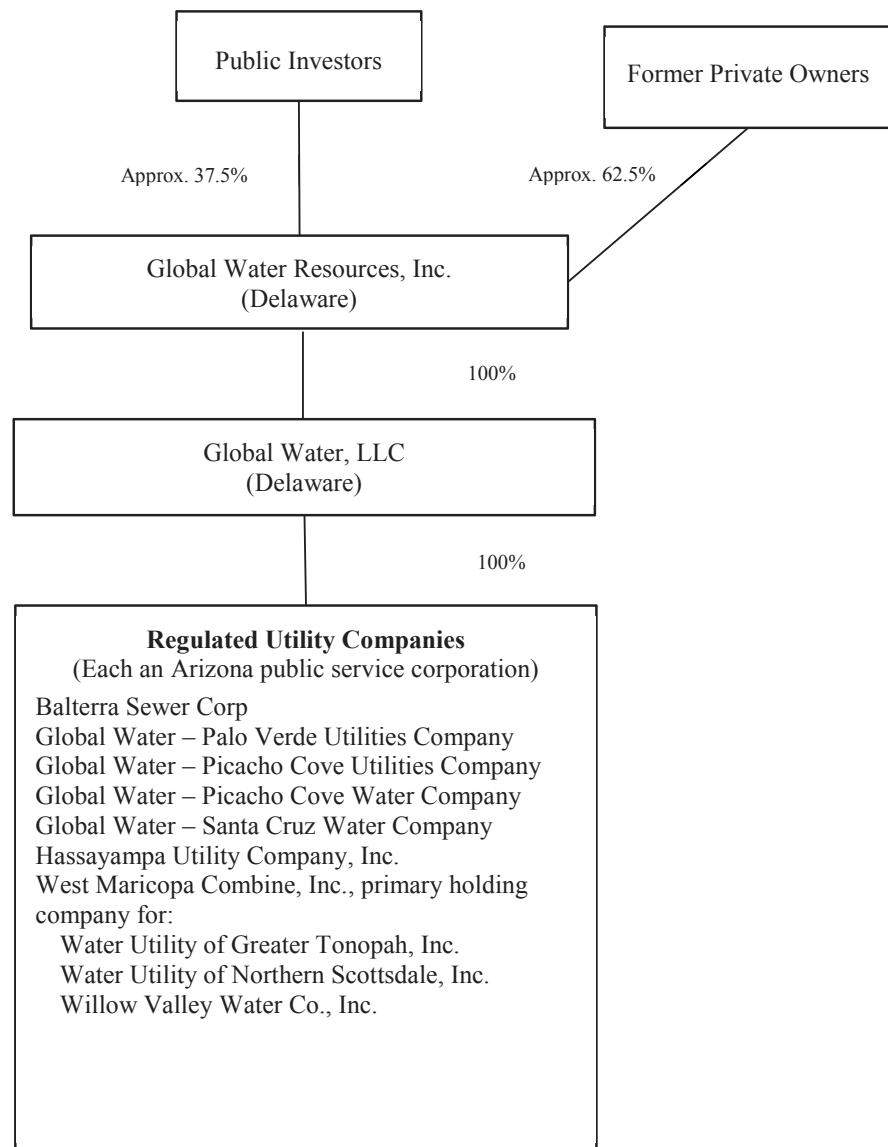
Structure of GWRC and GWRI

The following diagram shows the corporate structure of GWRC and GWRI as of the date of this Circular.



⁽¹⁾ – Represents an approximate 37% indirect interest of the public investors of GWRC in GWRI and an approximate 63% indirect interest of the private owners of GWRC in GWRI.

The following diagram shows the corporate structure of GWRI on the Effective Date without giving effect to the U.S. IPO.



Risk Factors Related to the Arrangement, the Ownership of Shares of Common Stock of GWRI and GWRC and the Industry in Which it Operates

If the Arrangement is completed it is expected that the risks with respect to the business and affairs of GWRI will remain substantially unchanged. The risk factors related to GWRI and the industry in which it operates are detailed in the AIF in the “*Risk Factors*” section and other filings of GWRC filed with the securities regulatory authorities and available on SEDAR at www.sedar.com.

In addition to the risk factors in the AIF (which is incorporated by reference herein) and any risk factors in other filings of GWRC, the following are risk factors which Shareholders should carefully consider before making a decision regarding the Arrangement Resolution.

Risk Factors Related to the Arrangement

The rights of Shareholders under Canadian law will differ from their rights under Delaware law, which will, in some cases, provide less protection to Shareholders following the Arrangement.

Upon consummation of the Arrangement, Shareholders will become stockholders of a Delaware corporation. There are material differences between the BCBCA and the DGCL and our current and proposed organizational documents. For example, under Canadian law, many significant corporate actions such as amending GWRC’s Notice of Articles or Articles or consummating a merger or amalgamation require the approval of two-thirds of the votes cast by Shareholders, whereas under the DGCL a simple majority of the total voting power of all of those entitled to vote may approve the matter. Furthermore, Shareholders under Canadian law are entitled to dissent and appraisal rights under a number of extraordinary corporate actions, including an amalgamation with another unrelated corporation, certain amendments to GWRC’s Notice of Articles or Articles or the sale of all or substantially all of a corporation’s assets; under Delaware law, stockholders are entitled to dissent and appraisal rights only for certain specified corporate transactions such as mergers or consolidations. If the Arrangement is approved, Shareholders may be afforded less protection under the DGCL than they had under the BCBCA in certain circumstances. See “*The Arrangement — Comparison of British Columbia and Delaware Law*”.

The amount of corporate tax payable by GWRC will be affected by the value of our property on the date of the Merger.

For Canadian tax purposes, on the date of the Merger, GWRC will be deemed to have a year end and will also be deemed to have sold all of its property and received fair market value proceeds for those properties (which consist almost exclusively of shares of common stock of GWRI). GWRC will also be subject to an additional corporate emigration tax equal to 5% of the amount by which the fair market value of GWRC’s property, net of liabilities, exceeds the paid-up capital of the Common Shares. Based on its current and expected circumstances, GWRC does not expect to be subject to material Canadian taxation as a result of either the deemed disposition of the property of GWRC or the imposition of the corporate emigration tax. That said, the facts underlying GWRC’s assumptions and conclusions may change prior to the Effective Time of the Merger and, as of the date hereof, the fair market value of GWRC’s properties at the time of the

Merger cannot be predicted with certainty. Further, it is possible that the Canadian federal tax authorities may not accept GWRC's valuations or calculations of GWRC's relevant tax attributes and accounts. As is customary, when a Canadian federal tax liability depends largely on factual matters, GWRC has not applied to the Canadian federal tax authorities for a ruling on this matter and does not intend to do so. Accordingly, the Canadian federal tax authorities may conclude that Canadian taxes are due as a result of the Merger, and the amount of Canadian taxes found to be due might be material.

For U.S. federal income tax purposes, GWRC and GWRI believe that GWRI currently is a "United States real property holding corporation" (a "**USRPHC**") within the meaning of Section 897 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and will continue to be a USRPHC for the foreseeable future. Assuming GWRI is a USRPHC, under Section 897 of the Code, GWRC will be required to recognize gain (if any), but not loss, upon the deemed distribution of shares of common stock of GWRI to its Shareholders pursuant to the Merger. The amount of gain subject to U.S. federal income taxation will be the amount, if any, by which the fair market value of the shares of common stock of GWRI held by GWRC exceeds GWRC's adjusted basis in such shares. Based on its current and expected circumstances, GWRC does not expect to be subject to material U.S. federal income taxation upon the deemed distribution of shares of common stock of GWRI to its Shareholders pursuant to the Merger. However, the facts underlying GWRC's assumptions and conclusions may change prior to the Effective Time of the Merger and, as of the date hereof, the fair market value of the shares of common stock of GWRI held by GWRC at the time of the Merger cannot be predicted with certainty. If the fair market value of the shares of common stock of GWRI held by GWRC exceeds GWRC's adjusted basis in such shares at the time of the Merger, then such excess generally will be subject to U.S. federal income taxation. Any such tax could be material. Moreover, the U.S. Internal Revenue Service (the "**IRS**") may disagree with GWRC's calculation of the amount of any such tax due. Accordingly, GWRC might be subject to material U.S. federal income taxation as a result of the Merger.

The Merger may result in adverse U.S. federal income tax consequences for U.S. Shareholders.

GWRC and GWRI intend for the Merger to qualify as a U.S. tax-deferred reorganization, as discussed below under the heading "*Certain United States Federal Income Tax Considerations — Tax Considerations for GWRC — Qualification as a Reorganization*". However, neither GWRC nor GWRI has sought or will seek an opinion of U.S. legal counsel or a ruling from the IRS regarding whether the Merger qualifies as a tax-deferred reorganization, and no assurance can be provided that the Merger will so qualify. If the Merger were to fail to qualify as a U.S. tax-deferred reorganization, then a U.S. Holder would be treated as if it had sold its Common Shares in a taxable transaction and would be required to recognize gain or loss for U.S. federal income tax purposes equal to the difference between such U.S. Holder's adjusted basis in its Common Shares and the fair market value of the shares of common stock of GWRI received in exchange therefor. Even if the Merger qualifies as a U.S. tax-deferred reorganization, a U.S. Holder may be subject to U.S. federal income tax as a result of the Merger, under Section 367(b) of the Code, as described below.

Assuming the Merger qualifies as a U.S. tax-deferred reorganization, a U.S. Holder who owns (actually or constructively) U.S.\$50,000 or more of Common Shares, but less than 10% of the voting power of all Common Shares entitled to vote, generally will be required to recognize

gain (but not loss) with respect to the deemed receipt of shares of common stock of GWRI in the Merger under Section 367(b) of the Code, even if such holder continues to hold such shares of common stock of GWRI and receives no cash as a result of the Merger. As an alternative to recognizing gain, however, such U.S. Holder may elect to include in income as a dividend the “all earnings and profits amount” attributable to its Common Shares. Based on projected earnings and profits through the date of the Merger, GWRC does not expect its cumulative earnings and profits to be materially greater than zero through the date of the Merger. Assuming this expectation is correct, then a U.S. Holder who makes this election and complies with certain U.S. tax filing and other requirements generally should not recognize a material amount of income under Section 367(b) of the Code. However, there can be no assurance that GWRC’s cumulative earnings and profits through the date of the Merger will not be greater than expected, nor can there be any assurance that the IRS will agree with GWRC’s calculation of its earnings and profits. Accordingly, there can be no assurance that a U.S. Holder’s “all earnings and profits amount” with respect to its Common Shares will not be materially greater than zero, in which case a U.S. Holder making such election generally would be required to recognize a material amount of dividend income as described above. Pursuant to Section 367(b) of the Code, a U.S. Holder who owns (actually or constructively) 10% or more of the voting power of all Common Shares entitled to vote generally will be required to recognize as a dividend the “all earnings and profits amount” attributable to such holder’s Common Shares. The foregoing consequences under Section 367(b) of the Code should not apply to a U.S. Holder who owns Common Shares with a fair market value of less than U.S.\$50,000 on the date of the Merger. U.S. Holders are strongly urged to consult their own tax advisers regarding the consequences of the Merger to them under Section 367(b) of the Code.

If GWRC were a passive foreign investment company (“**PFIC**”) at any time during a U.S. Holder’s holding period of Common Shares, then such U.S. Holder might be required to recognize gain (but not loss) as a result of the Merger, whether or not the Merger qualifies as a U.S. tax-deferred reorganization, subject to certain complex rules applicable to a shareholder of a PFIC. Based upon its current and expected income and assets, GWRC does not believe that it will be a PFIC for the current taxable year, nor does it believe that it was a PFIC in prior taxable years. However, the determination of whether GWRC is a PFIC depends on the facts and circumstances and the application of the PFIC rules, which are subject to differing interpretations. Accordingly, there can be no assurance that GWRC will not be considered a PFIC for any taxable year, or that the IRS or a court will agree with its determination as to its PFIC status. U.S. Holders are strongly urged to consult their own tax advisers regarding the PFIC rules, including the potential tax consequences to them if the PFIC rules were to apply to the Merger.

For a more detailed description of certain material U.S. federal income tax considerations relating to the Merger, please see the discussion below under the heading “*Certain United States Federal Income Tax Considerations*”.

The proposed Arrangement will result in additional direct and indirect costs whether or not it is completed.

The Arrangement will result in additional direct and indirect costs. We will incur legal fees, accountants’ fees, filing fees, mailing expenses and financial printing expenses in connection with the Arrangement. The Arrangement will also temporarily divert the attention of our management

and employees from the day-to-day management of the business to a limited extent. If the Arrangement is completed, we will become a dual-listed company subject to continuous disclosure requirements in both Canada and the U.S. which will result in increased fees and compliance costs.

Taking advantage of the reduced disclosure requirements applicable to emerging growth companies may make the shares of common stock of GWRI less attractive to investors.

GWRI is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As such, GWRI is eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (iii) exemptions from the requirements of holding a non-binding advisory vote on executive compensation and of shareholder approval of any golden parachute payments not previously approved. GWRI has elected to adopt these reduced disclosure requirements. GWRI cannot predict if investors will find the shares of common stock of GWRI less attractive as a result of taking advantage of these exemptions and as a result, there may be a less active trading market for the shares of common stock of GWRI and the stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the 1933 Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. GWRI will take advantage of this extended transition provision. See “ — *GWRI’s election to take advantage of the JOBS Act extended accounting transition period may make GWRI’s financial statements more difficult to compare to other public companies*”.

GWRI could remain an emerging growth company for up to five years or until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (b) the date that it become a “large accelerated filer” as defined in Rule 12b-2 under the U.S. Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter and (c) the date on which we have issued more than \$1 billion in non-convertible debt securities during the preceding three-year period.

GWRI’s election to take advantage of the JOBS Act extended accounting transition period may make GWRI’s financial statements more difficult to compare to other public companies.

Pursuant to the JOBS Act, as an “emerging growth company,” GWRI must make an election to opt in or opt out of the extended transition period for any new or revised accounting standards that may be issued by the Financial Accounting Standards Board. GWRI has elected to opt in and take advantage of this extended transition provision. This means that, when a standard is issued or revised and it has different application dates for public or private companies, GWRI can, for so long as it is an emerging growth company, adopt the timeline applicable for private companies. This may make the comparison of GWRI’s financial statements with any other public

company that is not an emerging growth company (or an emerging growth company that has opted out of using the extended transition provision) difficult or impossible as a result of GWRI's use of different accounting standards.

On completion of the Arrangement, we expect that GWRI will be an "SEC foreign issuer" under Canadian securities laws and, therefore, be exempt from certain requirements of Canadian securities laws applicable to other Canadian reporting issuers.

Although GWRI will be a reporting issuer in Canada, we expect that GWRI will be an "SEC foreign issuer" under Canadian securities laws and, as a result, will be exempt from certain requirements of Canadian securities laws relating to continuous disclosure obligations and proxy solicitation. GWRI will be required to comply with certain reporting requirements applicable in the U.S. and file, in Canada, and send to GWRI shareholders in Canada, the relevant documents filed with the SEC in the manner and within the time required by applicable U.S. requirements. In some cases, the disclosure obligations applicable in the U.S. are different or less onerous than the comparable disclosure requirements applicable in Canada for a Canadian reporting issuer that is not exempt from Canadian disclosure obligations. Therefore, there may be less or different publicly available information about GWRI than would be available if GWRI were a Canadian reporting issuer that is not exempt from such Canadian disclosure obligations.

There can be no certainty that all closing conditions to the Arrangement will be satisfied or waived, or of the timing of their satisfaction or waiver, and if, as a result, the Arrangement is not completed or is delayed, among other consequences, the market price for the Common Shares may decline.

The completion of the Arrangement is subject to a number of closing conditions, some of which are beyond the control of GWRC, including receipt of the Final Order and approval of the Arrangement Resolution by Shareholders and the completion of the U.S. IPO.

GWRI may not be able to refinance its indebtedness on favorable terms or at all.

Following the consummation of the Arrangement and the U.S. IPO, GWRI plans to refinance all of its tax-exempt bonds issued through The Industrial Development Authority of the County of Pima. Based on discussions with lenders GWRI believes it can reduce the effective interest rate on the outstanding balance of its tax-exempt bonds by approximately 75 to 150 basis points. GWRI's ability to complete the refinancing and to reduce its effective interest rate will be subject to market conditions at the time. Accordingly, no assurance can be given that GWRI will be able to complete the refinancing in a timely manner or at all, or that, if completed, GWRI will be able to reduce interest rates on its debt as it expects.

Certain members of the Board of Directors may have interests in the Arrangement that are different from those of Shareholders.

In considering the approval and recommendation of the Board of Directors to vote in favour of the Arrangement Resolution, Shareholders should be aware that certain members of the Board of Directors may have interests in the Arrangement that differ from, or are in addition to, those of Shareholders generally. See "*The Arrangement — Interests of Certain Persons in the Arrangement*".

Risk Factors Related to Ownership of the Shares of Common Stock of GWRI

The concentration of GWRI's stock ownership with its officers, directors, certain stockholders and their affiliates will limit the ability of GWRI's stockholders to influence corporate matters.

Upon completion of the Arrangement and without giving effect to the U.S. IPO, GWRI's directors and executive officers and stockholders holding more than 5% of its capital stock and their affiliates will beneficially own, in the aggregate, approximately 65% of GWRI's outstanding common stock. As a result, these stockholders will be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of GWRI or its assets. This concentration of ownership could limit ability of GWRI's stockholders to influence corporate matters and may have the effect of delaying or preventing a third party from acquiring control over GWRI.

GWRI does not know whether a market will develop for the shares of common stock of GWRI or what the market price of the shares of common stock of GWRI will be and as a result it may be difficult for stockholders of GWRI to sell their shares of common stock of GWRI.

Before the completion of the Arrangement, there will be no public trading market for the shares of common stock of GWRI. In connection with the completion of the Arrangement, GWRI has applied to have the shares of common stock of GWRI listed on the NASDAQ. In addition, the TSX has conditionally approved the listing of the shares of common stock of GWRI, subject to the satisfaction of customary listing conditions. However, if a market for the shares of common stock of GWRI does not develop or is not sustained, it may be difficult for stockholders to sell the shares of common stock of GWRI at an attractive price or at all. GWRI cannot predict the prices at which the shares of common stock of GWRI will trade. It is possible that in one or more future periods GWRI's results of operations may be below the expectations of investment analysts and investors and, as a result of these and other factors, the price of the shares of common stock of GWRI may fall.

If GWRI's operating and financial performance in any given period does not meet the guidance that GWRI provides to the public or the expectations of investment analysts, the price of the shares of common stock of GWRI may decline.

GWRI may provide public guidance on its expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to the risks and uncertainties described in GWRI's public filings and public statements. Whether or not GWRI provides guidance, investment analysts may publish their estimates of GWRI's future financial performance. GWRI's actual results may not always be in line with or exceed any guidance it has provided or the expectations of investment analysts, especially in times of economic uncertainty. If, in the future, GWRI's operating or financial results for a particular period do not meet any guidance GWRI provides or the expectations of investment analysts or if GWRI or investment analysts reduce estimates of GWRI's performance for future periods, the market price of the shares of common stock of GWRI may decline.

If investment analysts cease to publish research or reports about GWRI's business or if they publish negative evaluations of the shares of common stock of GWRI, the price of a share of common stock of GWRI could decline.

The trading market for the shares of common stock of GWRI will rely in part on the research and reports that investment analysts publish about GWRI or its business. However, following the consummation of the U.S. IPO, if no or few analysts commence coverage of GWRI, the trading price of GWRI's stock would likely decrease. Even if GWRI does obtain such analyst coverage, if one or more of the analysts covering GWRI's business downgrade their evaluations of the stock of GWRI, the price of the shares of common stock of GWRI could decline. If one or more of these analysts cease to cover the shares of common stock of GWRI, GWRI could lose visibility in the market for its stock, which in turn could cause the price of the shares of common stock of GWRI to decline.

The shares of common stock of GWRI may be volatile or may decline regardless of GWRI's operating performance and stockholders of GWRI may not be able to resell their shares of common stock at or above the U.S. IPO price.

After GWRI's U.S. IPO, the market price for the shares of common stock of GWRI is likely to be volatile, in part because the shares of common stock of GWRI have not been traded publicly. Many factors, which are outside GWRI's control, may cause the market price of a share of common stock of GWRI to fluctuate significantly, including those described elsewhere in this Circular, as well as the following:

- GWRI's operating and financial performance and prospects;
- GWRI's quarterly or annual earnings or those of other companies in its industry compared to market expectations;
- conditions that impact demand for GWRI services;
- future announcements concerning GWRI's business or its competitors' businesses;
- the public's reaction to GWRI's press releases, other public announcements and filings with the SEC;
- the size of GWRI's public float;
- coverage by or changes in financial estimates by investment analysts or failure to meet their expectations;
- the market's reaction to GWRI's reduced disclosure as a result of being an "emerging growth company" under the JOBS Act;
- market and industry perception of GWRI's success, or lack thereof, in pursuing our growth strategy;

- strategic actions by GWRI or GWRI's competitors, such as acquisitions or restructurings;
- changes in laws or regulations which adversely affect GWRI's industry or GWRI;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in the senior management or key personnel of GWRI;
- issuances, exchanges or sales, or expected issuances, exchanges or sales of GWRI's capital stock;
- changes in GWRI's dividend policy;
- adverse resolution of new or pending litigation against GWRI; and
- changes in general market, economic and political conditions in the U.S. and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

The U.S. IPO price of the shares of common stock of GWRI will be determined by negotiations between GWRI and the underwriter based upon a number of factors and may not be indicative of prices that will prevail following the closing of the U.S. IPO. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price include: (i) the price of the Common Shares, which are publicly listed on the TSX; (ii) the valuation multiples of publicly traded companies that the underwriter believes to be comparable to GWRI; (iii) GWRI's financial information; (iv) the history of, and the prospects for, GWRI and the industry in which it competes; (v) an assessment of GWRI's management, GWRI's past and present operations, and the prospects for, and timing of, GWRI's future revenues; (vi) the present state of GWRI's development; and (vii) the factors in (ii) through (vi) above in relation to market values and various valuation measures of other companies engaged in activities similar to those engaged in by GWRI. Volatility in the market price of the shares of common stock of GWRI may prevent investors from being able to sell their shares of the common stock of GWRI at or above the U.S. IPO price.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies in our industry. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If GWRI becomes involved in securities litigation, GWRI could incur substantial costs and its resources and the attention of management could be diverted from its business.

GWRI will incur increased costs as a result of becoming a public company in the U.S.

As a public company in the U.S., GWRI will incur significant legal, accounting, insurance and other expenses, including costs associated with U.S. public company reporting requirements. GWRI will also incur costs associated with the listing requirements of NASDAQ, the Sarbanes-Oxley Act and related rules implemented by the SEC. The expenses incurred by U.S. public

companies generally for reporting and corporate governance purposes have been increasing. These rules and regulations are expected to increase GWRI's legal and financial compliance costs and to make some activities more time-consuming and costly, although GWRI is currently unable to estimate these costs with any degree of certainty. In estimating these costs, GWRI will take into account expenses related to insurance, legal, accounting, and compliance activities, as well as other expenses not currently incurred. These laws and regulations could also make it more difficult or costly for GWRI to obtain certain types of insurance, including director and officer liability insurance, and GWRI may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for GWRI to attract and retain qualified persons to serve on its board of directors, its board committees or as its executive officers. Furthermore, if GWRI is unable to satisfy its obligations as a public company, GWRI could be subject to delisting of the shares of common stock of GWRI, fines, sanctions and other regulatory action and potentially civil litigation.

GWRI's failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act as a public company could have a material adverse effect on its business and share price.

Prior to the completion of the Arrangement, GWRI has not had to independently comply with Section 404(a) of the Sarbanes-Oxley Act. Section 404(a) of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of GWRI's internal control over financial reporting, starting with the second annual report that GWRI expects to file with the SEC. Additionally, once GWRI is no longer an emerging growth company, as defined by the JOBS Act, its independent registered public accounting firm will be required pursuant to Section 404(b) of the Sarbanes-Oxley Act to attest to the effectiveness of its internal control over financial reporting on an annual basis. The rules governing the standards that must be met for the management of GWRI to assess its internal control over financial reporting are complex and require significant documentation, testing and possible remediation.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. GWRI will review, document and test its internal control over financial reporting, but GWRI is not currently in compliance with, and it cannot be certain when it will be able to implement the requirements of Section 404(a). GWRI may encounter problems or delays in implementing any changes necessary to make a favorable assessment of its internal control over financial reporting. In addition, GWRI may encounter problems or delays in completing the implementation of any requested improvements and receiving a favorable attestation in connection with the attestation that will be provided by its independent registered public accounting firm after it ceases to be an emerging growth company. If GWRI cannot favorably assess the effectiveness of its internal control over financial reporting, or if its independent registered public accounting firm is unable to provide an unqualified attestation report on GWRI's internal controls after it ceases to be an emerging growth company, investors could lose confidence in GWRI's financial information and the price per share of common stock of GWRI could decline.

Additionally, the existence of any material weakness or significant deficiency would require the management of GWRI to devote significant time and incur significant expense to remediate any such material weakness or significant deficiency and the management of GWRI may not be able to remediate any such material weakness or significant deficiency in a timely manner. The existence of any material weakness in GWRI's internal control over financial reporting could also result in errors in GWRI's financial statements that could require GWRI to restate its financial statements, cause GWRI to fail to meet its reporting obligations and cause stockholders of GWRI to lose confidence in GWRI's reported financial information, all of which could materially and adversely affect GWRI's business and the price per share of common stock.

GWRI cannot assure the stockholders of GWRI that it will pay dividends on the shares of common stock of GWRI, and GWRI's indebtedness could limit its ability to pay dividends on the shares of common stock of GWRI.

Following the completion of the Arrangement, GWRI intends to pay a regular monthly dividend on the shares of common stock of GWRI of U.S.\$0.021 per share (U.S.\$0.25 per share annually), or an aggregate of approximately U.S.\$4.85 million on an annual basis, which is the U.S.\$ equivalent of the current C\$0.0283 monthly dividend of GWRC, based on the Bank of Canada noon exchange rate on January 18, 2016, the day prior to the date that the Merger transaction was announced. However, GWRI's future dividend policy is subject to its compliance with applicable law, and depending on, among other things, its results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in its debt agreements and in any preferred stock GWRI may issue in the future, business prospects and other factors that the GWRI Board may deem relevant. Dividend payments are not mandatory or guaranteed; there can be no assurance that GWRI will continue to pay a dividend in the future.

Delaware law, certain provisions in GWRI's proposed certificate of incorporation and proposed by-laws and regulations of the Arizona Corporation Commission may prevent efforts by the stockholders of GWRI to change the direction or management of GWRI.

GWRI is a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of GWRI, even if a change of control would be beneficial to the existing stockholders of GWRI. In addition, GWRI's certificate of incorporation and by-laws that will be in effect upon the completion of the Arrangement are expected to contain provisions that may make the acquisition of GWRI more difficult, including, but not limited to, the following:

- only allowing the Board of Directors, Chairman of the GWRI Board, Chief Executive Officer or President to call special meetings of GWRI's stockholders;
- setting forth specific procedures regarding how GWRI's stockholders may present proposals or nominate directors for election at stockholder meetings;
- requiring advance notice and duration of ownership requirements for stockholder proposals;
- permitting the GWRI Board to issue preferred stock without stockholder approval; and

- limiting the rights of stockholders to amend GWRI's by-laws.

These provisions could discourage, delay or prevent a transaction involving a change in control of GWRI. These provisions could also discourage proxy contests and make it more difficult for stockholders of GWRI to elect directors of their choosing and cause GWRI to take other corporate actions desired by its stockholders. In addition, because the GWRI Board is responsible for appointing the members of its management team, these provisions could in turn affect any attempt by the stockholders of GWRI to replace current members of GWRI's management team.

Additionally, the Arizona Corporation Commission must determine that certain types of transactions will not impair GWRI's financial status, prevent GWRI from attracting capital at fair and reasonable terms, or impair GWRI's ability to provide safe, reasonable, and adequate service. Pursuant to this regulatory mandate, the Arizona Corporation Commission may impose conditions that could discourage, delay or prevent a transaction involving a change in control of GWRI's company.

Comparison of British Columbia and Delaware Law

Pursuant to the Arrangement, GWRC will merge with and into GWRI. GWRI will be subject to the certificate of incorporation filed in Delaware and by-laws, copies of which are attached to this Circular as Appendix C.

Comparison of Shareholder Rights

While the rights and privileges of shareholders of a Delaware corporation are, in certain instances, comparable to those of shareholders of a British Columbia company, there are material differences between British Columbia corporate law and Delaware corporate law with respect to shareholders' rights, and Delaware law may offer shareholders more or less protection depending on the particular matter.

The following is a summary of certain principal differences between (a) British Columbia corporate law and GWRC's current notice of articles and articles and (b) Delaware corporate law and GWRI's proposed certificate of incorporation and by-laws that could materially affect the rights of shareholders. The form of certificate of incorporation and by-laws of GWRI that will be effective on completion of the Arrangement are attached to this Circular as Appendix C. This summary is not, however, intended to be complete, is qualified in its entirety by reference to the DGCL, the BCBCA and the governing corporate instruments of GWRC and should not be considered as legal advice to any particular Shareholder. A Shareholder who has any questions about such matters should consult with the Shareholder's own advisors.

Capital Structure

Under GWRC's current notice of articles, we have the authority to issue unlimited number of Common Shares without par value. Under the proposed Delaware certificate of incorporation of GWRI, GWRI will have the authority to issue a total of 60,000,000 shares of common stock, and 5,000,000 shares of preferred stock, par value \$0.01 per share. Under Canadian law, there is no franchise tax on the authorized capital stock of GWRC. Pursuant to Delaware law, there will be a franchise tax assessed on GWRI's authorized capital stock.

Shareholder Approval for Extraordinary Corporate Transactions

Generally speaking, British Columbia corporate law requires shareholders to vote on a greater number and range of corporate matters than Delaware law. In addition, many matters requiring shareholder approval under British Columbia law must be approved by a special resolution of not less than two-thirds of the votes cast by shareholders who voted on those matters. For example, a continuance of a company out of the jurisdiction or a sale of all or substantially all of the undertaking of the company requires a special resolution passed by holders of shares of each class entitled to vote at a general meeting of the company. A proposed amalgamation (other than certain related party amalgamations) requires a special resolution approved by the holders of all shares issued, whether voting or not. In some cases, such as an amendment to the articles of a corporation that affects classes of shares differently, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of each class or series of shares, whether or not shares of such class or series otherwise carry the right to vote.

Under Delaware law, a sale, lease or exchange of all or substantially all the property or assets of a Delaware corporation or an amendment to its certificate of incorporation requires the approval of the holders of a majority of the voting power of the outstanding shares entitled to vote thereon. Mergers or consolidations also generally require the approval of the holders of a majority of the outstanding voting power of the corporation. However, Shareholder approval is not required by a Delaware corporation for a merger if such corporation's certificate of incorporation is not amended by the merger; each share of stock of such corporation outstanding immediately prior to the merger will be an identical outstanding share of the surviving corporation after the effective date of the merger; and the number of shares of common stock, including securities convertible into common stock, issued in the merger does not exceed 20% of such corporation's outstanding common stock immediately prior to the effective date of the merger. In addition, shareholder approval is not required by a Delaware corporation if it is the surviving corporation in a merger with a subsidiary in which its ownership was 90% or greater.

Amendments to the Governing Documents

Under the BCBCA, substantive changes to the notice of articles and articles such as an alteration of the restrictions, if any, on the business carried on by a company, an increase or reduction of the authorized capital of a company or changes to the special rights and restrictions attached to shares issued by the company require the type of resolution specified by the BCBCA, or if the BCBCA does not specify the type of resolution, by the type of resolution specified by the articles or, if neither specify the type of resolution, a special resolution passed by the majority of votes that the articles of the company specify is required, if that specified majority is at least two-thirds and not more than three-quarters of the votes cast on the resolution or, if the articles do not contain such a provision, a special resolution passed by at least two-thirds of the votes cast on the resolution. GWRC's current articles provide that a special resolution must be passed by at least two-thirds of the votes cast on the resolution. The BCBCA further provides that special rights and restrictions can be created and attached to issued shares or varied by the type of shareholders' resolutions specified by the articles, or if the articles do not specify the type of resolution, by a special resolution. The BCBCA provides that a company may, by directors' resolution or ordinary resolution, authorize an alteration of its notice of articles to adopt or change a translation of its

name. Similarly, if the articles so provide, the name of the company may be changed by a directors' resolution, an ordinary resolution or a special resolution. GWRC's current articles provide that GWRC's name may be changed by special resolution.

Under the DGCL, an amendment to a corporation's certificate of incorporation requires the approval of holders of a majority of the voting power of the outstanding stock entitled to vote on the matter. In addition, under the DGCL, if the amendment to the certificate of incorporation would increase or decrease the aggregate number of authorized shares of a class, increase or decrease the par value of the shares of such class, or alter or change the powers, preferences or special rights of the shares of such class so as to affect that class adversely, that class is entitled to vote separately on the amendment whether or not it is designated as voting stock. Furthermore, if the proposed amendment would alter or change the powers, preferences or special rights of one or more series of any class so as to affect that class adversely, but would not so affect the entire class, then only the shares of the series so affected by the amendment would be considered a separate class for purposes of the class vote. The DGCL and the proposed by-laws of GWRI give shareholders the power to adopt, amend or repeal the by-laws of the Delaware corporation. The board of directors of a Delaware corporation has no power to amend the by-laws unless the certificate of incorporation confers such power on the board of directors in addition to the shareholders. The proposed certificate of incorporation of GWRI will authorize the Board of Directors to adopt, amend or repeal the by-laws of GWRI. In addition, there is no requirement to submit changes to the by-laws to shareholders under Delaware law.

Place of Meetings

Under the BCBCA, general meetings of shareholders are to be held in British Columbia, or may be held at a location outside of British Columbia if:

- (a) the location is provided for in the articles;
- (b) the articles do not restrict the company from approving a location outside of British Columbia, the location is approved by the resolution required by the articles for that purpose, or if no resolution is specified then approved by ordinary resolution before the meeting is held; or
- (c) the location is approved in writing by the Registrar of Companies under the BCBCA before the meeting is held.

GWRC's current articles provide that general meetings of shareholders may be held at any location within or outside of British Columbia as determined by the Board of Directors.

The DGCL provides that meetings of the shareholders be held at any place in or outside of Delaware designated by, or in the manner provided in, the certificate of incorporation or by-laws. The proposed by-laws of GWRI provide that meetings of the shareholders will be held at any place designated by the Board of Directors.

Quorum of Shareholders

The BCBCA provides that a quorum for the transaction of business at a meeting of shareholders is the quorum established by the articles of the corporation or, if no quorum is established by the articles, two shareholders entitled to vote at the meeting whether present in person or by proxy.

GWRC's current articles provide that two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting constitutes a quorum. If there is only one shareholder entitled to vote at a meeting of shareholders, the quorum is one person who is, or who represents by proxy, that shareholder and that shareholder present in person or by proxy constitutes a quorum.

Under the DGCL, the certificate of incorporation or by-laws may specify the required quorum, but generally a quorum may consist of no less than one-third of the total voting power. The proposed by-laws of GWRI provide that the holders of not less than one-third of the stock outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the shareholders.

Requisition of Meetings

The BCBCA provides that holders of at least 1/20th of GWRC's issued voting shares may requisition the directors requiring them to call and hold a special meeting for the purposes stated in the requisition. GWRC's current articles provide that a special meeting of shareholders may also be called by the Board of Directors at any time.

The DGCL provides that a special meeting of the shareholders may be called by the board of directors or by any person or persons as may be authorized by the certificate of incorporation or by-laws. The proposed by-laws of GWRI provide that a special meeting of shareholders may be called by the Board of Directors, the Chairperson of the Board of Directors, the Chief Executive Officer, or the President (in the absence of a chief executive officer), but such special meetings may not be called by any other person or persons.

Shareholder Consent in Lieu of Meeting

Under the BCBCA, shareholders can take action by written resolution and without a meeting provided that, after being submitted to all shareholders entitled to vote at a general meeting, the resolution is consented to in writing by (a) shareholders who, in the aggregate, hold shares carrying at least 66⅔% of the votes entitled to be cast on the resolution in the case of an "ordinary resolution", and (b) all shareholders entitled to vote on that resolution in the case of a "special resolution".

Under the DGCL, unless otherwise limited by the certificate of incorporation, shareholders may act by written consent without a meeting if holders of outstanding stock representing not less than the minimum number of votes that would be necessary to take the action at an annual or special meeting execute a written consent providing for the action. The proposed certificate of incorporation and by-laws of GWRI will not prohibit action by written consent of the shareholders.

Director Election, Qualification and Number

GWRC's current articles allow for the election of directors by a majority of votes cast at an annual meeting of shareholders. The DGCL provides that, unless otherwise specified in the certificate of incorporation, directors must be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. No contrary provisions are contained in GWRI's proposed certificate of incorporation. In addition, the Board of Directors has adopted a policy which provides that, if the total number of votes withheld exceed the number of votes cast in favour of a director nominee, the director must immediately submit his or her resignation to the Chairman of the Board of Directors, to be effective when accepted by the Board. On completion of the Arrangement, the GWRI Board will adopt a similar majority voting policy in respect of the election of directors.

The BCBCA states that a public company must have no fewer than three directors. The DGCL has no similar requirements. The proposed by-laws of GWRI provide that the number of directors shall be determined from time to time by resolution of the board of directors, provided that the board of directors shall consist of at least three members.

Board of Directors

GWRC and GWRI have shared management and, accordingly, on completion of the Arrangement there will be no changes to management of GWRI. The GWRI Board will be comprised of Mr. Richard M. Alexander, Ms. Cindy M. Bowers, Mr. Ron L. Fleming, Mr. Trevor T. Hill, Mr. William S. Levine, Mr. David C. Tedesco and Ms. L. Rita Theil, five of whom are current directors of GWRC.

Director Removal. Under GWRC's current articles, directors may be removed, with or without cause, by special resolution requiring a vote of the holders of two-thirds of the shares being voted. Under the DGCL, directors may generally be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

Board of Directors Vacancies. Under the BCBCA, the remaining directors may fill a vacancy arising among the directors, unless the vacating director was elected by holders of a class or series of shares, in which case, the vacancy may be filled by those shareholders or by the remaining directors elected or appointed by those shareholders. The Board of Directors also has the power to appoint one or more additional directors between successive annual general meetings, but not more than one-third the number of directors elected by the shareholders at the immediately preceding annual general meeting.

Under the DGCL, unless otherwise provided in the certificate of incorporation or by-laws, vacancies and newly created directorships may be filled by a majority of the remaining directors, even if less than a quorum, or by a sole remaining director. If any class or series of shareholders has the right to elect one or more directors, any vacancy or newly created directorship of such class or series may be filled by the remaining directors elected by such class or series then in office. If at any time there are no directors in office, any officer, shareholder or fiduciary may (i) call a special meeting of shareholders to elect directors or (ii) apply to the Delaware Court of Chancery to order an election of directors.

Fiduciary Duty of Directors. Directors of a corporation incorporated or organized under the BCBCA or DGCL have fiduciary obligations to the corporation and its shareholders. The BCBCA requires directors of a British Columbia corporation, in exercising their powers and discharging their duties, to act honestly and in good faith with a view to the best interests of the corporation and to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.

Under Delaware common law, directors have a duty of care and a duty of loyalty. The duty of care requires that the directors act in an informed and deliberative manner and inform themselves, prior to making a business decision, of all material information reasonably available to them. The duty of loyalty is the duty to act in good faith, not out of self-interest, and in a manner which the directors reasonably believe to be in the best interests of the shareholders. In addition, the DGCL provides that a transaction between a Delaware corporation and one of its directors or officers or an entity affiliated with one of its directors or officers is not voidable solely for such reason so long as (i) the material facts of the director's or officer's interest in the transaction are disclosed to the board of directors and a majority of the disinterested directors in good faith authorizes the transaction, even though they may be less than a quorum, (ii) the material facts of the director's or officer's interest in the transaction are disclosed to the shareholders and the transaction is specifically approved in good faith by the shareholders or (iii) the transaction is fair to the Delaware corporation at the time it is authorized or approved by the board of directors or shareholders.

Interested Director Transactions. Under the BCBCA, contracts or transactions in which one or more directors have an interest are not invalid solely because of such interest, provided that certain conditions such as full disclosure and obtaining the required approvals are satisfied. Under the BCBCA, if permitted by the articles, after full disclosure by the interested director or directors, a majority of the directors at a meeting at which a quorum is present may approve the proposed contract or transaction with the interested director or directors abstaining from voting but counted in the quorum, or the shareholders may approve the contract or transaction by special resolution. Otherwise, a court may, on application by the corporation or any director, senior officer, shareholder or beneficial owner of shares, enjoin the corporation from entering into the proposed contract or transaction or make any other order it deems appropriate. GWRC's articles permit such a transaction if the disclosure and voting requirements of the BCBCA are met.

Under Delaware law, contracts or transactions in which a director has an interest are not invalid, provided that (i) the material facts as to the director's or directors' relationship or interest in the contract or transaction are disclosed or are known to the board of directors, and the board in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even if the disinterested directors are less than a quorum, (ii) the material facts as to the interested director's or directors' relationship or interest in the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by the shareholders or (iii) the contract or transaction is fair to the corporation at the time it is authorized, approved or ratified by the board of directors, a committee thereof or the shareholders.

Personal Liability of Directors. The BCBCA prescribes circumstances where directors can be liable for malfeasance or nonfeasance. The BCBCA also imposes joint and several personal

liability on directors who vote for or consent to a resolution which contravenes certain provisions of the BCBCA for the amount paid or distributed (and not otherwise recovered by the company) as a result of the contravening action. Generally speaking, actions to enforce a liability imposed by the BCBCA must be brought within two years from the date of the resolution authorizing the act at issue. A director will be deemed to have complied with his fiduciary obligations to the corporation under the BCBCA if he relied in good faith on, among other things:

- financial statements of the corporation represented to him by an officer or in a written report of the auditors to fairly reflect the financial position of the corporation; or
- a written report of a person (such as a lawyer, accountant, engineer or appraiser) whose profession lends credibility to a statement made by the professional person.

The BCBCA also contains other provisions limiting personal liability of a corporation's directors.

The DGCL provides that a corporation may, in its certificate of incorporation, limit the personal liability of directors to the corporation and its shareholders for breach of fiduciary duty, provided that it cannot eliminate or limit the director's liability for:

- any breach of the director's duty of loyalty to the corporation or its shareholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- an unlawful payment of a dividend or an unlawful stock purchase or redemption; and
- any transaction from which the director derived an improper personal benefit.

Indemnification of Officers and Directors. Under the BCBCA and pursuant to GWRC's articles, we will indemnify present or former directors or officers against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment that is reasonably incurred by the individual in relation to an eligible proceeding (including civil, criminal, administrative, investigative or other proceeding) in which the individual is involved because of his or her association with us. In order to qualify for indemnification such directors or officers must:

- have acted honestly and in good faith with a view to the best interests of the corporation; and
- in the case of an eligible proceeding other than a civil proceeding, have had reasonable grounds for believing that his conduct was lawful.

We currently do not have indemnity agreements in place for the directors of GWRC but carry liability insurance for the officers and directors of GWRC in the amount of C\$20 million. Upon completion of the Arrangement GWRI will enter into indemnification agreements with each of its directors and executive officers. The indemnification agreements and GWRI's amended and

restated by-laws will require GWRI to indemnify its directors to the fullest extent permitted by Delaware law.

The BCBCA also provides that such persons are entitled to indemnity from the corporation in respect of all costs, charges and expenses actually and reasonably incurred in connection with the defense of any such proceeding if the person is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding and otherwise meets the qualifications for indemnity described above.

Delaware law permits a corporation to indemnify its present or former directors and officers, employees and agents made a party, or threatened to be made a party, to any third party proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person:

- acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the corporation; and
- with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful.

In a derivative action, or an action by or in the right of the corporation, the corporation is permitted to indemnify directors, officers, employees and agents against expenses actually and reasonably incurred by them in connection with the defense or settlement of an action or suit if they acted in good faith and in a manner that they reasonably believed to be in or not opposed to the best interests of the corporation. However, in such a case, no indemnification shall be made if the person is adjudged liable to the corporation, unless and only to the extent that, the court in which the action or suit was brought or the Court of Chancery of the State of Delaware shall determine upon application that such person is fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability to the corporation.

The DGCL allows the corporation to advance expenses before the resolution of an action, if in the case of current directors and officers, such persons agree to repay any such amount advanced if they are later determined not to be entitled to indemnification. The proposed by-laws of GWRI generally provide for mandatory indemnification and advancement of expenses of the directors and officers of GWRI to the fullest extent permitted under Delaware law; provided, however, that directors and officers shall not be entitled to indemnification for actions initiated by such parties unless the board of directors authorizes such action. GWRC will also maintain its existing liability insurance for its officers and directors and may seek to increase same in conjunction with the Arrangement.

Loans to Officers and Employees

The BCBCA provides that a corporation may give financial assistance by means of a loan, guarantee, provision of security or otherwise to any person (including officers and employees) so long as any financial assistance material to the company is disclosed by the corporation. Additionally, the BCBCA provides that no disclosure is necessary in respect of financial assistance

that is given (i) to a person in the ordinary course of business, if the lending of money is part of the ordinary course of business of the company, (ii) to any person on account of expenditures incurred or to be incurred on behalf of the company, (iii) to a corporation of which the company is a wholly-owned subsidiary, (iv) to a corporation that is a wholly-owned subsidiary of the company, (v) to a corporation, if the company and the corporation are both wholly-owned subsidiaries of the same holding corporation or person, (vi) to any person, other than a corporation, who holds all of the shares of the company or of a corporation of which the company is a wholly owned subsidiary or (vii) to employees of the corporation or any of its affiliates, to enable or assist them to purchase or erect living accommodation for their own occupation or to any such employees, or a trustee for any such employees, in accordance with a plan for the purchase of shares of the corporation or any of its affiliates beneficially owned by such employees.

Under Delaware law, a corporation may lend money, or guarantee any obligation of, or otherwise assist, any officer or other employee of the corporation or any of its subsidiaries, including any officer or employee who is a director of the corporation or any of its subsidiaries, whenever, in the directors' judgment, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. However, Section 402 of the Sarbanes-Oxley Act, which will apply to GWRI as of the Effective Date, makes it unlawful for public companies to directly or indirectly extend or maintain credit, or arrange for the extension of credit, to their executive officers or directors.

Redemption and Repurchase of Shares

The BCBCA permits a company to redeem, on the terms and in the manner provided in its memorandum or articles, any of its shares that has a right of redemption attached to it, and if it is so authorized by, and subject to, any restriction in its memorandum or articles, purchase any of its shares. However, a corporation must not make any payment or provide any other consideration to purchase or redeem any shares issued by it if there are reasonable grounds for believing that the corporation is insolvent or making the payment or providing the consideration would render the company insolvent.

Delaware law generally provides that a corporation may redeem or repurchase its shares only if such redemption or repurchase would not impair the capital of the corporation.

Examination of Corporate Records

Under the BCBCA, any shareholder (and any person, in the case of a public company) may, without charge, examine certain corporate records, including the corporation's charter documents, the minutes of shareholder meetings, shareholders' resolutions and the corporation's central securities register. Under GWRC's current articles, unless otherwise determined by an ordinary resolution or by the directors, no Shareholder is entitled to inspect the accounting records of the corporation. Further, unless otherwise permitted by a corporation's articles, only directors of a company may examine such items as the minutes of every meeting of directors or board committees.

Under Delaware law, for any proper purpose, shareholders have the right to inspect, upon written demand under oath stating the purpose for such inspection, the corporation's stock ledger,

list of shareholders and its other books and records, and to make copies or extracts of the same. A proper purpose means a purpose reasonably related to a person's interest as a shareholder.

Derivative Action

Under the BCBCA, a shareholder or director of a company, or any other person whom the court considers to be an appropriate person to make an application may, with leave of the court, bring an action in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such a right, duty or obligation.

Under the BCBCA, the court must be satisfied that:

- the complainant has made reasonable efforts to cause the directors of the company to prosecute or defend the legal proceeding;
- the complainant has given proper notice of the application to the corporation and any other person the court may order;
- the complainant is acting in good faith; and
- it appears to the court that it is in the best interest of the company for the legal proceeding to be prosecuted or defended.

Under the BCBCA, the court in a derivative action may make any order it sees fit including orders pertaining to the control or conduct of the lawsuit by the complainant and payment of reasonable legal fees incurred by the complainant.

Similarly, under Delaware law, a shareholder may bring a derivative action on behalf of the corporation to enforce a corporate right, including the breach of a director's duty to the corporation. Delaware law requires that the plaintiff in a derivative suit be a shareholder of the corporation at the time of the wrong complained of and remain so throughout the duration of the suit; that the plaintiff make a demand on the directors of the corporation to assert the corporate claim unless the demand would be futile; and that the plaintiff is an adequate representative of the other shareholders.

Dissenters' Rights

The BCBCA provides that shareholders of a corporation, whether or not the shareholder's shares carry the right to vote, are entitled to exercise dissent rights and demand payment for the fair value of their shares. Dissent rights exist when there is a vote upon matters such as:

- any amalgamation with another corporation (other than with certain affiliated corporations);
- an amendment to a corporation's articles to add, change or remove any restriction upon the business or businesses that the corporation may carry on;

- a continuance under the laws of another jurisdiction;
- a sale, lease or other disposition of all or substantially all the undertaking of the corporation other than in the ordinary course of its business; and
- a court order permitting a shareholder to dissent in connection with an application to the court for an order approving an arrangement proposed by the corporation.

The DGCL grants appraisal rights only in the case of certain mergers or consolidations and not in the case of other fundamental changes such as the sale of all or substantially all of the assets of the corporation or amendments to the certificate of incorporation, unless so provided in the corporation's certificate of incorporation. The proposed certificate of incorporation of GWRI does not include any such provisions. Under Delaware law, shareholders who have neither voted in favor of nor consented to the merger or consolidation have the right to seek appraisal of their shares in connection with certain mergers or consolidations by demanding payment in cash for their shares equal to the fair value of such shares. Fair value is determined by a court in an action timely brought by the shareholders who have properly demanded appraisal of their shares. In determining fair value, the court may consider all relevant factors, including the rate of interest which the resulting or surviving corporation would have had to pay to borrow money during the pendency of the court proceeding.

No appraisal rights are available for shares of any class or series listed on a national securities exchange or held of record by more than 2,000 shareholders. However, appraisal rights are available if the agreement of merger or consolidation requires the holders of stock to accept for their stock anything other than:

- stock of the surviving corporation;
- stock of another corporation which is either listed on a national securities exchange or held of record by more than 2,000 shareholders;
- cash in lieu of fractional shares; or
- some combination of the above.

In addition, under Delaware law, appraisal rights are not available for any shares of the surviving corporation if the merger did not require the vote of the shareholders of the surviving corporation.

Oppression Remedy

Under the BCBCA, a shareholder has the right to apply to court for an order where an act of the corporation has been done or is threatened, or a resolution of the shareholders has been passed or is proposed, that is unfairly prejudicial to one or more shareholders, or the affairs of the corporation are or have been conducted, or the powers of the directors are or have been exercised, in a manner oppressive to one or more shareholders of the Corporation. On such application, the court may make any interim or final order it thinks fit, including an order restraining the conduct complained of.

There are no equivalent statutory remedies under the DGCL; however, shareholders may be entitled to remedies for a violation of a director's fiduciary duties under Delaware common law.

Business Combinations

Section 203 of the DGCL provides, with some exceptions, that a Delaware corporation may not engage in any business combination with a person, or an affiliate or associate of such person, who is an interested shareholder for three years from the time that person became an interested shareholder unless:

- the board of directors approved the transaction before the "interested shareholder" obtained such status;
- upon consummation of the transaction that resulted in the shareholder becoming an "interested shareholder," the "interested shareholder" owned at least 85% of a Delaware corporation's outstanding voting stock at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (i) by persons who are directors and are also officers and (ii) employee stock plans in which the participants do not have the right to determine confidentially whether shares held subject to the plans will be tendered in the tender or exchange offer; or
- on or subsequent to such date, the business combination or merger is approved by the board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by two-thirds of the holders of the outstanding common stock not owned by the "interested shareholder."

A "business combination" is defined to include mergers, asset sales and other transactions resulting in financial benefit to a shareholder. In general, an "interested shareholder" is a person who, together with affiliates and associates, owns 15% or more of a corporation's voting stock or within three years did own 15% or more of a corporation's voting stock.

A corporation may, at its option, exclude itself from the coverage of Section 203 by an appropriate provision in its certificate of incorporation. The proposed certificate of incorporation of GWRI does not contain such an exclusion from Section 203 of the DGCL.

There is no comparable provision relating to business combinations under the BCBCA, but restrictions on business combinations do exist under applicable Canadian securities laws.

Anti-Takeover Effects

Certain provisions under Delaware law may allow a Delaware corporation to make itself potentially less vulnerable to hostile takeover attempts. These powers include the ability to:

- implement a staggered board of directors, which prevents an immediate change in control of the board;

- require that notice of nominations for directors be given to the corporation prior to a meeting where directors will be elected, which may give management an opportunity to make a greater effort to solicit its own proxies;
- prohibit the calling of a special meeting of shareholders except by the board of directors, which may prevent a raider's ability to call a meeting to make disruptive changes;
- eliminate shareholders' action by written consent, which would require a raider to attend a meeting of shareholders to approve any proposed action by the corporation;
- remove a director from a staggered board only for cause, which gives some protection to directors on a staggered board from arbitrary removal;
- provide that the power to determine the number of directors and to fill vacancies be vested solely in the board, so that the incumbent board, not a raider, would control vacant board positions;
- provide for supermajority voting in some circumstances, including mergers and certificate of incorporation amendments; and
- issue "blank check" preferred stock, which may be used to make a corporation less attractive to a raider.

The proposed certificate of incorporation and/or by-laws of GWRI will include the following provisions which may make us less vulnerable to hostile takeover attempts:

- the requirement that shareholders provide prior notice by a certain date to nominate directors;
- restrictions on the ability of shareholders to call a special meeting of shareholders;
- the board of directors may determine the number of directors and fill vacancies on the board of directors; and
- the board of directors may issue "blank check" preferred stock.

Other than the ability of the Board of Directors to fill vacancies and appoint additional directors between annual meetings of shareholders up to one-third the number of directors elected at the immediately preceding annual meeting, our existing articles do not expressly include the anti-takeover provisions listed above that will be included in GWRI's proposed certificate of incorporation and/or by-laws.

Details of the Arrangement

The following description is qualified by reference to the full text of the Plan of Arrangement attached as Appendix F to this Circular. At the Effective Time, the following shall

occur and be deemed to occur without any further act or formality required on the part of any person:

- (a) GWRC will be authorized to merge with and into GWRI, which Merger shall be effected under the General Corporation Law of the State of Delaware to form one corporate entity, with the same effect as if GWRC had been authorized to amalgamate with GWRI under section 284 of the BCBCA, and whereby pursuant to such Merger and the General Corporation Law of the State of Delaware;
 - (i) the separate legal existence of GWRI will not cease and GWRI will be the surviving entity;
 - (ii) without limiting the generality of (a)(i) above, the separate legal existence of GWRC will cease without it being liquidated or wound up and GWRC and GWRI will continue as GWRI and the property of GWRC will become the property of GWRI;
 - (iii) the property, rights and interest of each of GWRC and GWRI will continue to be the property, rights and interest of GWRI;
 - (iv) GWRI will continue to be liable for the obligations of each of GWRC and GWRI;
 - (v) an existing cause of action, claim or liability to prosecution is unaffected;
 - (vi) a civil, criminal or administrative action or proceeding pending by or against GWRC or GWRI may be continued to be prosecuted by or against GWRI; and
 - (vii) a conviction against, or ruling, order or judgement in favour of or against, GWRC or GWRI may be enforced by or against GWRI;
- (b) each outstanding Option will, without any further action on the part of any holder of Options, be exchanged for a Replacement Option to acquire, on the same terms and conditions as were applicable under such Option immediately prior to the Effective Time, such number of shares of common stock of GWRI equal to that number of Common Shares that were issuable upon the exercise of such Option immediately prior to the Effective Time, at an exercise price per share of common stock of GWRI equal to the U.S.\$ equivalent (based on the Bank of Canada noon exchange rate one business day prior to the Effective Date) of the exercise price per Common Share at which such Option was exercisable immediately prior to the Effective Time;
- (c) each outstanding SAR will be exchanged for a Replacement SAR granted by GWRI, on the same terms and conditions as were applicable under such SAR immediately prior to the Effective Time, with a value equal to the U.S.\$ equivalent (based on the Bank of Canada noon exchange rate one business day prior to the

Effective Date) of the value of such SAR immediately prior to the Effective Time and shall be determined with reference to shares of common stock of GWRI;

- (d) each outstanding DPU and PSU will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that the terms of the DPU or PSU, as applicable, shall be amended so as to substitute for the Common Shares subject to the DPU or PSU, as applicable, such number of shares of common stock of GWRI equal to the number of Common Shares subject to the DPU or PSU immediately prior to the Effective Time;
- (e) each Common Share in respect of which Dissent Rights have been validly exercised and not withdrawn shall be cancelled and become an entitlement to be paid the fair value of such Common Share and such holder shall cease to be the holder of the Common Share so cancelled and to have any rights as holder of such Common Share other than the right to be paid by GWRI the fair value of such Common Share in accordance with the terms of the Plan of Arrangement.
- (f) each issued and outstanding Common Share (other than any Common Share held by a Dissenting Shareholder) shall be exchanged for one share of common stock of GWRI and:
 - (i) the holders of such Common Shares immediately prior to such exchange shall cease to be the holders thereof and to have any rights as holders of such Common Shares other than the right to receive one share of common stock of GWRI per Common Share in accordance with this Plan of Arrangement; and
 - (ii) the name of such holder shall be removed from the register of holders of Common Shares as it relates to the Common Share so exchanged,

provided that none of the foregoing shall occur or be deemed to occur unless all of the foregoing occur.

For full particulars in respect of all of the events which will occur pursuant to the Plan of Arrangement, see the full text of the Plan of Arrangement which is attached as Appendix F to this Circular. Shareholders are encouraged to read the Plan of Arrangement in its entirety.

The Arrangement Agreement

The Arrangement is being effected in accordance with the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of GWRC and GWRI and various conditions precedent, both mutual and with respect to each party.

The following is a summary of certain material terms of the Arrangement Agreement, which is qualified in its entirety by reference to the full text of the Arrangement Agreement which is filed on SEDAR at www.sedar.com. This summary does not contain all of the information about the Arrangement Agreement. Shareholders should read the Arrangement Agreement carefully and in its entirety, as the rights and obligations of GWRC and GWRI under the Arrangement

Agreement are governed by the express terms of the Arrangement Agreement and not by this summary or by any other information contained in this Circular.

Conditions Precedent

The Arrangement Agreement provides that the obligations of GWRC and GWRI to consummate the Arrangement are subject to the fulfillment or waiver of each of the following conditions precedent (each of which may only be waived with the mutual consent of GWRC and GWRI):

- (a) the Arrangement Resolution shall have received the Requisite Approval at the Meeting in accordance with the Interim Order;
- (b) a majority of the outstanding shares of common stock of GWRI shall be voted in favour of the Merger, evidenced pursuant to a written consent of stockholders of GWRI in accordance with the DGCL;
- (c) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to GWRC and GWRI, each acting reasonably, on appeal or otherwise;
- (d) no Governmental Entity having jurisdiction over any Party shall have enacted, issued, promulgated, enforced or entered any Law which has become final and non-appealable and has the effect of making the Arrangement illegal or otherwise preventing or prohibiting consummation of the Arrangement;
- (e) the completion of the U.S. IPO on the Effective Date;
- (f) the NASDAQ shall have approved the listing of the shares of common stock of GWRI, subject only to the satisfaction of customary listing conditions of the NASDAQ;
- (g) the TSX shall have approved the listing of the shares of common stock of GWRI, subject only to the satisfaction of customary listing conditions of the TSX; and
- (h) the Arrangement Agreement shall not have been terminated in accordance with its terms.

Representations, Warranties and Covenants

The Arrangement Agreement contains representations and warranties of the parties relating solely to fundamental matters that include, among other things: organization and qualification, authority relative to the Arrangement Agreement, absence of conflicts and regulatory approvals.

Each of GWRC and GWRI has agreed to covenants in the Arrangement Agreement that are customary for arrangements of this nature, including, but not limited to covenants to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent

to its obligations under the Arrangement Agreement to the extent the same is within its control and to take, or cause to be taken, all other reasonable action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Arrangement, effect the Merger under the DGCL and obtain the Certificate of Merger.

Termination of the Arrangement Agreement

The Arrangement Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of the Arrangement Agreement or the Arrangement Resolution or the Arrangement by Shareholders and/or the Court):

- (a) by mutual written agreement of the Parties;
- (b) be either GWRC or GWRI, if:
 - (i) the Arrangement Resolution shall have failed to receive the Requisite Approval at the Meeting in accordance with the Interim Order; or
 - (ii) the Merger shall have failed to receive the requisite approval of stockholders of GWRI under the DGCL;
- (c) by GWRI, if:
 - (i) any mutual conditions precedent or conditions precedent to the obligations of GWRI are not satisfied or become incapable of satisfaction by the Effective Date; or
 - (ii) the GWRI Board determines, in its sole discretion not to proceed with the transactions contemplated by the Arrangement Agreement;
- (d) by GWRC, if:
 - (i) any mutual conditions precedent or conditions precedent to the obligations of GWRC are not satisfied or become incapable of satisfaction by the Effective Date; or
 - (ii) the Board of Directors determines, in its sole discretion not to proceed with the transactions contemplated by the Arrangement Agreement

Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out pursuant to Section 288 of the BCBCA. The following procedural steps must be taken for the Arrangement to become effective:

- (a) the Arrangement Resolution must be approved by Shareholders present at the Meeting either in person or by proxy in the manner required by the Interim Order;
- (b) the Arrangement must be approved by the Court pursuant to the Final Order; and

- (c) all conditions precedent to the Arrangement set forth in the Arrangement Agreement must be satisfied or waived by the appropriate Party or Parties.

Approval of Shareholders Required for the Arrangement

Pursuant to the Interim Order, the number of votes required to pass the Arrangement Resolution shall be: (i) at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting; and (ii) at least a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting, excluding the votes cast in respect of the Common Shares held by the Excluded Persons. The Excluded Persons collectively hold approximately 21.6% of the issued and outstanding Common Shares as at the date hereof. Accordingly, if the Arrangement Resolution is approved by 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting, the “minority approval” vote described in the foregoing clause (ii) is also assured.

The Arrangement Resolution must receive the Requisite Approval in order for GWRC to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the Final Order. Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board of Directors, without further notice to or approval of Shareholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to elect not to proceed with the Arrangement, at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA. See Appendix B to this Circular for the full text of the Arrangement Resolution. See also “*Information Concerning GWRC and GWRI - Procedure and Votes Required in Connection with the Arrangement*”.

Court Approval of the Arrangement and Completion of the Arrangement

Interim Order

On March 18, 2016, the Court granted the Interim Order facilitating the calling of the Meeting and prescribing the conduct of the Meeting and other matters. A copy of the Interim Order is attached as Appendix D to this Circular.

Final Order

The BCBCA provides that an arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Shareholders at the Meeting in the manner required by the Interim Order, GWRC will make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled to be heard on or about April 27, 2016 at 9:45 a.m. (Pacific Standard Time), or as soon thereafter as counsel may be heard, at 800 Smithe Street, Vancouver, British Columbia. Any Shareholder or other interested party may participate, be represented and present evidence or arguments at the hearing for the Final Order, subject to filing with the Court and serving upon GWRC a Response to Petition and any evidence or materials which such party intends to present to the Court, all in compliance with the terms of the Interim Order as set out in the Notice of Petition. Service of such notice will be effected by service upon the solicitors for GWRC: c/o, Lawson Lundell LLP, Suite 1600 Cathedral

Place, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, Canada, Attention: Kinji C. Bouchier, with a copy to Torys LLP, Suite 3000, 270 Wellington Street West, Toronto-Dominion Centre, Toronto, Ontario M5K 1N2, Attention: Andrew Gray.

At the hearing of the application for the Final Order, the Court will consider, among other things, the fairness and reasonableness of the Arrangement to Shareholders. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions, if any, as the Court deems fit. GWRC and GWRI may determine not to proceed with the Arrangement in the event that any changes or terms ordered by the Court are not satisfactory to them, acting reasonably. If the hearing of the application for the Final Order is postponed, adjourned or rescheduled then, subject to further order of the Court, only those persons having previously served a Response to Petition in compliance with the terms of the Interim Order as set out in the Notice of Petition will be given notice of the postponement, adjournment or rescheduled date. A copy of the Notice of Petition is attached as Appendix E to this Circular.

Canadian Securities Laws Matters

GWRC is a reporting issuer under applicable Securities Laws in each of the provinces and territories of Canada and is, among other things, subject to the provisions of MI 61-101. MI 61-101 governs transactions which raise the potential for conflicts of interest, including issuer bids, insider bids, related party transactions and business combinations.

The Arrangement is a “business combination” for the purposes of MI 61-101 because it is a transaction in which GWRI, a related party of GWRC, would as a consequence of the transaction, combine with GWRC through an arrangement.

Minority Approval

Since the Arrangement constitutes a “business combination” for the purposes of MI 61-101, the Arrangement Resolution therefore requires “minority approval” in accordance with MI 61-101. Pursuant to MI 61-101, in determining whether minority approval for the Arrangement has been obtained, GWRC is required to exclude the votes attaching to the Common Shares beneficially owned or controlled by “interested parties” and their “related parties” and “joint actors”, all as defined in MI 61-101. Accordingly, GWRC has determined to exclude the votes attaching to the Common Shares beneficially owned or controlled by the Excluded Persons, who collectively hold approximately 21.6% of the Common Shares as at the date hereof, for the purpose of determining whether minority approval of the Arrangement has been obtained, on the basis that they may be “interested parties”. As a result, a total of 1,935,938 Common Shares will be excluded from the “minority approval” vote conducted pursuant to MI 61-101. This “minority approval” is in addition to the requirement that the Arrangement Agreement must be approved by at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting and entitled to vote.

Prior Valuations

To the knowledge of GWRC and its directors and senior officers, after reasonable enquiry, there have been no “prior valuations” (as defined in MI 61-101) prepared in respect of GWRC or its material assets or its securities during the 24 months preceding the date of this Circular.

Timing

If the Arrangement Resolution is passed at the Meeting then, subject to the terms of the Arrangement Agreement, GWRC will apply for the Final Order approving the Arrangement and the hearing is expected to be held on or about April 27, 2016. Assuming the Final Order is granted and the other conditions contained in the Arrangement Agreement are satisfied or waived in accordance with the terms thereof, GWRC currently expects the Effective Date will be in the second quarter of 2016. However, it is not possible at this time to determine with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including, but not limited to, an objection before the Court at the hearing of the application for the Final Order.

The Arrangement will become effective as of the Effective Time on the Effective Date, which date shall be determined by the parties as soon as reasonably practicable after the date on which all conditions precedent to the Arrangement (other than those conditions, which by their terms, can only be satisfied on the Effective Date but subject to satisfaction or waiver of those conditions on the Effective Date).

Procedure for Exchange of Common Shares

As the Common Shares trade in the “book entry” system and no certificates have been issued to Non-Registered Holders, no certificates for the shares of common stock of GWRI will be issued to beneficial holders following the completion of the Arrangement. See “*Management Information Circular — Information for Beneficial Shareholders*”. Beneficial holders of Common Shares do not need to take any action involving their Common Shares. Shareholders whose Common Shares are held through a broker, securities dealer, bank, trust company or other nominee may wish to contact their nominee with respect to the exchange of their Common Shares for shares of common stock of GWRI.

The exchange of all of the Common Shares for the shares of common stock of GWRI will be effected electronically through the non-certificated inventory system administered by CDS.

GWRC reserves the right to permit the procedure for the exchange of securities pursuant to the Arrangement to be completed other than as set forth above.

Dissent Rights of Shareholders

The following description of the Dissent Rights is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Common Shares and is qualified in its entirety by the reference to the full text of the Interim Order, the Plan of Arrangement and Division 2 of Part 8 of the BCBCA which are attached to this Circular as Appendices B, D, and F, respectively. A Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of section Division 2 of Part 8 of the BCBCA, as modified by the Interim Order, the Final Order and the Plan of Arrangement. It is recommended that any Shareholder wishing to exercise Dissent Rights seek legal advice as the failure to strictly comply with the provisions of Division 2 of Part 8 of the BCBCA, as modified

by the Interim Order, the Final Order and the Plan of Arrangement, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

There is no mandatory statutory right of dissent in respect of plans of arrangement under the BCBCA, however, the Interim Order expressly provides Registered Shareholders with the right to dissent from the Arrangement Resolution pursuant to Division 2 of Part 8 of the BCBCA, with modifications to the provisions of Division 2 of Part 8 as provided in the Plan of Arrangement, the Interim Order and the Final Order (“**Dissent Rights**”). Any Registered Shareholder who dissents from the Arrangement Resolution in compliance with Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order, will be entitled, in the event the Arrangement becomes effective, to be paid the fair value in cash for the Common Shares held by such Dissenting Shareholder determined as of immediately before the passing of the Arrangement Resolution. Shareholders are cautioned that fair value could be determined to be less than the value of the shares of common stock of GWRI received pursuant to the terms of the Arrangement. Common Shares held by a Dissenting Shareholder shall, on the Effective Date, and notwithstanding the provisions of Division 2 of Part 8 of the BCBCA, shall be deemed to be repurchased for cancellation by GWRI and such Dissenting Shareholder shall cease to have any rights as a holder of such Common Shares except for the right to be paid the fair value of such shares.

Only Registered Shareholders may dissent. Persons who are Beneficial Shareholders registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered holder of such Common Shares. As noted above, the Common Shares have been issued in the form of a global certificate in the name of CDS and, as such, CDS is the sole registered holder of the Common Shares. Accordingly, a non-registered owner of Common Shares desiring to exercise Dissent Rights must make arrangements for the Common Shares beneficially owned by that holder to be registered in the name of the Shareholder prior to the time the written objection to the Arrangement Resolution is required to be received by GWRC or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on behalf of the holder.

A Registered Shareholder who wishes to dissent must provide a Dissent Notice setting out the information required in Section 242 of the BCBCA to GWRC by mail at GWRC, c/o Lawson Lundell LLP, Suite 1600, Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3L2, Attention: Kinji C. Bouchier, to be received by no later than 5:00 p.m. (Eastern Standard Time) on April 22, 2016 (or if the Meeting is adjourned or postponed, 5:00 p.m. (Eastern Standard Time) on a day that is at least two days before the date of such adjourned or postponed Meeting, or if such day is not a business day, the next succeeding day which is a business day). It is important that Registered Shareholders strictly comply with this requirement, as it is different from the statutory dissent provisions of the BCBCA.

A Dissenting Shareholder must prepare a separate Dissent Notice for him or herself, if dissenting on his or her own behalf, and for each other person who beneficially owns Common

Shares registered in the Dissenting Shareholder's name and on whose behalf the Dissenting Shareholder is dissenting; and must dissent with respect to all of the Common Shares registered in his or her name beneficially owned by the Beneficial Shareholder on whose behalf he or she is dissenting. The Dissent Notice must set out the number of Common Shares in respect of which the Dissent Notice is to be sent and: (a) if such Common Shares constitute all of the Common Shares of which the Dissenting Shareholder is the registered and beneficial owner, a statement to that effect; (b) if such Common Shares constitute all of the Common Shares of which the Dissenting Shareholder is both the registered and beneficial owner but the Dissenting Shareholder owns additional Common Shares beneficially, a statement to that effect and the names of the registered Shareholders, the number of Common Shares held by such registered owners and a statement that written Dissent Notices have or will be sent with respect to such Common Shares; or (c) if the Dissent Rights are being exercised by a registered owner who is not the beneficial owner of such Common Shares, a statement to that effect and the name of the beneficial owner and a statement that the registered owner is dissenting with respect to all Common Shares of the beneficial owner registered in such registered owner's name.

The filing of a Dissent Notice does not deprive a Registered Shareholder of the right to vote at the Meeting, however, a vote in favour of the Arrangement Resolution may result in a loss of the right to dissent. The BCBCA does not provide, and GWRC will not assume, that a proxy submitted instructing the proxyholder to vote against the Arrangement Resolution, a vote against the Arrangement Resolution or an abstention constitutes a Dissent Notice. Similarly, the revocation of a proxy conferring authority on the proxyholder to vote **FOR** the Arrangement Resolution does not constitute a Dissent Notice.

GWRC is required, promptly after the later of: (i) the date on which it forms the intention to proceed with the Arrangement; and (ii) the date on which the Dissent Notice was received, to notify each Dissenting Shareholder of its intentions to act on the Plan of Arrangement. GWRC expects that it will be in a position to deliver such notification on or before the Effective Date. Upon receipt of such notification, each Dissenting Shareholder is then required, if the Dissenting Shareholder wishes to proceed with the exercise of Dissent Rights, within one month after the date of such notice to send to GWRC: (a) a written statement containing the information in Section 244 of the BCBCA; and (b) the certificates representing the Dissent Shares. Unless the Court orders otherwise, a Shareholder who fails to send to GWRC within the required time frame the written statements described above and the certificates representing the Common Shares in respect of which the Dissenting Shareholder dissents, forfeits his or her Dissent Rights.

On sending required documentation to GWRC, GWRC and Dissenting Shareholders may agree on the fair value of the Common Shares, or, where an agreement cannot be reached, an application may be made to the Court by GWRC or by a Dissenting Shareholder to fix the fair value of the Common Shares. On such application, the Court may: (a) determine the fair value of the Common Shares of Dissenting Shareholders or order that the fair value of such Common Shares be established by arbitration or by reference to the registrar, or a referee, of the Court; (b) join in the application each other Dissenting Shareholder who has properly exercised its Dissent Rights; and (c) make consequential orders and give directions it considers appropriate.

Promptly after a determination of the fair value for a Dissenting Shareholder's Common Shares, GWRC must pay to the Dissenting Shareholder such fair value.

Each Common Share in respect of which Dissent Rights have been validly exercised and not withdrawn shall be cancelled and become an entitlement to be paid the fair value of such Common Share. A Dissenting Shareholder who, for any reason, does not properly fulfill each of the Dissent Procedures in accordance with the applicable requirements, acts inconsistently with such dissent or who for any other reason is not entitled to be paid the fair value of their Common Shares shall be treated as if the Shareholder had participated in the Arrangement on the same basis as a non-dissenting Shareholder.

Registered Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Common Shares as determined under the applicable provisions of the BCBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the Consideration under the Arrangement. In addition, any judicial determination of fair value will result in delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's Common Shares.

In no event shall GWRC or its subsidiary be required to recognize a Dissenting Shareholder as a Shareholder after the Effective Time, and the names of such Dissenting Shareholders that have validly exercised Dissent Rights shall be removed from the central securities register of GWRC pursuant to the Plan of Arrangement.

For a general summary of certain income tax implications to a Dissenting Shareholder, see *"The Arrangement — Certain Canadian Federal Income Tax Considerations"* and *"The Arrangement — Certain United States Federal Income Tax Considerations"*.

Interests of Certain Persons in the Arrangement

Certain directors of GWRC have interests in the Arrangement which may be perceived as conflicts of interest with respect to the Arrangement. The Board of Directors is aware of these interests and considered them when making its recommendation.

As of the date hereof, the directors and the executive officers of GWRC and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 1,743,829 Common Shares representing approximately 20% of the outstanding Common Shares, no Options, an aggregate of 481,517 DPUs, an aggregate of 29,288 PSUs and an aggregate of 492,500 SARs. Mr. William S. Levine and Mr. Trevor T. Hill are private stockholders of GWRI and accordingly may be considered interested directors. Mr. William S. Levine beneficially owns, or has control or direction over: (i) 1,600,000 Common Shares representing approximately 18.3% of the outstanding Common Shares and (ii) 44,488 shares of common stock of GWRI representing approximately 24.6% of the outstanding shares of common stock of GWRI. Mr. Trevor T. Hill beneficially owns, or has control or direction over: (i) 91,667 Common Shares representing approximately 1.05% of the outstanding Common Shares; (ii) 25,080 shares of common stock of GWRI representing approximately 13.8% of the outstanding shares of common stock of GWRI; and (iii) 2,711 PSUs.

All of the Common Shares held by the directors and the executive officers of GWRC and held by the private stockholders of GWRI, will be treated in the same fashion under the Arrangement as Common Shares held by any other Shareholder. All of the Options, SARs, DPUs

and PSUs held by the directors and the executive officers of GWRC will be treated in the same manner under the Arrangement as the SARs, DPUs and PSUs held by every other holder of such securities. See “*The Arrangement — Effect of the Arrangement*”.

All of the directors and executive officers of GWRC who own Common Shares (including Mr. William S. Levine who has control or direction over approximately 18.3% of the outstanding Common Shares), have advised the Board of Directors that they intend to vote their Common Shares for the Arrangement.

Expenses of the Arrangement

The estimated costs to be incurred by GWRC with respect to the Arrangement, and the U.S. IPO and related matters including, without limitation, financial advisory (including fees payable on completion of the Arrangement), proxy solicitation, accounting and legal fees, the costs of preparation, printing and mailing of this Circular and other related documents and agreements, and stock exchange and regulatory filing fees, are expected to be, in the aggregate, approximately \$3,000,000.

Certain Canadian Federal Income Tax Considerations

The following is, as of the date hereof, a summary of certain Canadian federal income tax considerations generally applicable under the Tax Act in respect of the Merger to certain Shareholders who at all relevant times and for the purposes of the Tax Act: (i) hold their Common Shares, and will hold their shares of common stock of GWRI as capital property; and (ii) deal at arm’s length with, and are not affiliated with, GWRC or GWRI (a “**Holder**”). A Shareholder will generally be considered to hold shares as capital property unless the Shareholder holds the shares in the course of carrying on a business of buying and selling securities or acquired the shares in a transaction that is considered to be an adventure in the nature of trade. Certain Shareholders who are residents of Canada for purposes of the Tax Act and whose Common Shares might not otherwise qualify as capital property, may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Common Shares and every “Canadian security” (as defined in the Tax Act) owned by such Shareholder in the taxation year of the election and in all subsequent taxation years be deemed to be capital property. Such Shareholders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable in their particular circumstances.

This summary does not apply to Holders: (i) that are financial institutions within the meaning of the mark-to-market rules in the Tax Act; (ii) that are “specified financial institutions” as defined in the Tax Act; (iii) that have made a functional currency reporting election under the Tax Act; (iv) an interest in which is a “tax shelter” investment, within the meaning of the Tax Act; or (v) to whom GWRI will be a foreign affiliate within the meaning of the Tax Act. This summary also assumes that a Holder has not entered and will not enter into a “derivative forward agreement” (as defined in the Tax Act) with respect to the Common Shares or shares of common stock of GWRI.

This summary assumes that from the time of the Merger and at all relevant times thereafter, GWRI will be a resident of the U.S. for purposes of the Canada-U.S. Income Tax Convention (1980) (the “**Treaty**”), and will be entitled to the benefits of the Treaty.

This summary of Canadian tax consequences is based on the current provisions of the Tax Act, the Treaty, and our understanding of current administrative and assessing practices and policies of the Canada Revenue Agency (“**CRA**”) published in writing by it prior to the date hereof. This summary takes into account all proposed amendments to the Tax Act that have been announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. However, there is no assurance that such proposed amendments will be enacted in their current form, or at all. Apart from such proposed amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, regulatory, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. No advance income tax ruling has been obtained from the CRA to confirm the tax consequences of any of the transactions described in this Circular.

Tax Considerations for GWRC

For purposes of the Tax Act, GWRC will be deemed to cease to be a resident of Canada immediately before the Merger (the “**Particular Time**”) and will thereafter no longer be subject to Canadian tax on its worldwide income (but will be subject to U.S. federal and state tax). However, if GWRI carries on business in Canada or has other Canadian sources of income, it will be subject to Canadian tax in respect of such Canadian-source income, subject to relief under the Treaty.

For purposes of the Tax Act, GWRC’s taxation year will be deemed to have ended immediately before the Particular Time (the “**Deemed Taxation Year**”) and a new taxation year will be deemed to have begun at the Particular Time. Immediately before the end of the Deemed Taxation Year, GWRC will be deemed to have disposed of each of its properties (which consist almost exclusively of shares of common stock of GWRI) for proceeds of disposition equal to the fair market value of such properties at the time of disposition and to have reacquired the properties at the Particular Time at a cost amount equal to such proceeds of disposition. Such deemed disposition may cause GWRC to incur a Canadian income tax liability as a result of income or capital gains realized on such deemed disposition.

The Tax Act also imposes an additional “emigration tax” on a corporation when it ceases to be resident in Canada as described above. The emigration tax will be imposed on the amount by which the fair market value of all of the properties of GWRC immediately before the end of the Deemed Taxation Year exceeds the aggregate of (i) the paid-up capital of the Common Shares immediately before the end of the Deemed Taxation Year, and (ii) the amount of all debts owing by GWRC (other than amounts payable in respect of dividends and this emigration tax), as of the end of the Deemed Taxation Year. The emigration tax must be paid on or before the day on which GWRC is required to file its income tax return for the Deemed Taxation Year and cannot be offset by any losses of GWRC. The emigration tax will be imposed at a rate of 5%, unless it can reasonably be concluded that one of the main reasons that GWRC became resident in the U.S. was to reduce the emigration tax or Canadian withholding tax payable by GWRC, in which case the

rate of emigration tax would be 25%. GWRC is of the view that it would not be reasonable to so conclude.

The Canadian tax consequences to GWRC associated with the Merger will be dependent principally upon the valuation of the property of GWRC, and upon certain Canadian tax amounts, accounts and balances of GWRC and GWRI, as of the relevant time. Based on a review by GWRC and GWRI of the current and expected circumstances, including the value of the assets and liabilities of each company and the paid-up capital of the Common Shares, as well as elections under the Tax Act that may be filed and the tax amounts, accounts and balances of GWRC and GWRI (including the foreign affiliate surplus accounts of GWRI), GWRC is of the view that there should not be material Canadian tax (including emigration tax) arising as a consequence of the Merger. That said, the facts underlying GWRC's assumptions and conclusions may change prior to the Effective Time of the Merger and, on the date hereof, the fair market value of GWRC's properties at the Effective Time of the Merger cannot be predicted with certainty.

GWRC has not applied to the CRA for an advance income tax ruling as to the tax consequences of the Merger and does not intend to apply for such a ruling. The CRA may not accept the valuations or the positions that GWRC has adopted in calculating the amount of Canadian tax that will be payable on the Merger, including the calculation of any relevant tax amounts, accounts and balances of GWRC and GWRI (including the foreign affiliate surplus accounts of GWRI). Accordingly, the CRA may conclude that Canadian taxes are due as a result of the Merger and that the amount of Canadian taxes found to be due might be material.

Tax Considerations for Holders Resident in Canada

The following portion of this summary is applicable to Holders who, for the purposes of the Tax Act and the Treaty, and at all relevant times, are (or are deemed to be) residents of Canada ("**Resident Holders**").

It is expected that the Merger will be a "foreign merger" for purposes of the Tax Act. Except where a particular Resident Holder chooses to recognize a capital gain (or capital loss) on the Merger (as discussed below), pursuant to subsection 87(8) of the Tax Act, Resident Holders will be deemed to have disposed of Common Shares for proceeds of disposition equal to the aggregate adjusted cost base of such shares immediately before the Merger and will be deemed to have acquired the shares of common stock of GWRI received on the Merger at a cost equal to the same amount. Such Resident Holders will not, therefore, realize a capital gain or capital loss as a result of the Merger.

A Resident Holder may, however, choose to recognize a capital gain (or capital loss) on the Merger by electing in such Resident Holder's return of income for the taxation year in which the Merger occurs that subsection 87(8) of the Tax Act not apply. In such event, the Resident Holder will be considered to have disposed of the Common Shares for proceeds of disposition equal to the fair market value of the shares of common stock of GWRI received on the Merger. Such Resident Holder will realize a capital gain (or capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to such Resident Holder of the Common Shares immediately before the Merger. Any Resident Holder that chooses to recognize a capital gain (or capital loss) will acquire the shares of common

stock of GWRI at a cost equal to the fair market value of such shares of common stock of GWRI. It is not possible for a Resident Holder to elect to recognize only a portion of the capital gain or capital loss otherwise realized on a disposition of Common Shares using the mechanism described above.

A Resident Holder will generally be required to include one-half of the amount of a capital gain (a “**taxable capital gain**”) in income and will be required to deduct one-half of the amount of a capital loss (an “**allowable capital loss**”) against taxable capital gains in the year of disposition. Allowable capital losses not deducted in the year in which they arise may be deducted from net taxable capital gains realized in the three preceding or any future taxation years, subject to the detailed provisions of the Tax Act. Capital gains realized by an individual and most trusts may be subject to alternative minimum tax. A “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains. In the case of a Resident Holder that is a corporation, trust or partnership, the amount of any capital loss otherwise determined resulting from the disposition of shares may be reduced by the amount of certain dividends previously received or deemed to have been received on such shares, to the extent and under the circumstances prescribed in the Tax Act.

Following the Merger, any dividends received by an individual Resident Holder will be included in such Resident Holder’s income and will not be eligible for the gross-up and dividend tax credit treatment generally applicable to dividends on shares of taxable Canadian corporations. Any dividends received by a Resident Holder that is a corporation will be included in calculating that Holder’s income and will generally not be deductible in computing taxable income. Resident Holders that are throughout the taxation year “Canadian controlled private corporations” (as defined in the Tax Act) may be liable to pay a refundable tax on such Resident Holder’s aggregate investment income (as defined in the Tax Act) including dividends on the shares of common stock of GWRI. To the extent that U.S. withholding taxes are imposed on dividends paid by GWRI to a Resident Holder following the Merger, the amount of such tax will generally be eligible for a Canadian foreign tax credit or tax deduction, subject to the detailed rules and limitations under the Tax Act.

On the disposition of the shares of common stock of GWRI, a Resident Holder will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) such Resident Holder’s adjusted cost base for the shares of common stock of GWRI and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described above.

Based upon the limited guidance available in respect of the Canadian federal tax treatment of a dissenting Resident Holder who receives cash for his or her Common Shares following the Merger, the Canadian tax treatment of such a Holder in such circumstances is not without doubt. However, it is expected that such amounts will constitute proceeds of disposition of the Common Shares of such a Resident Holder. Accordingly, a dissenting Resident Holder would recognize a capital gain (or a capital loss) to the extent that the amount received (excluding any interest awarded by a court), net of reasonable costs of disposition, exceeds (or is less than) the adjusted cost base of the Common Shares to the dissenting Resident Holder. Any capital gains or capital losses so realized will be subject to the tax treatment described above. Any interest awarded to a

dissenting Resident Holder by a court will be included in the Resident Holder's income for Canadian income tax purposes.

Following the Merger it is anticipated that the shares of common stock of GWRI will be listed on the TSX and if so listed on that exchange or another "designated stock exchange" (as defined in the Tax Act) will continue to be a "qualified investments" for certain deferred income plans under the Tax Act, including trusts governed by deferred profit sharing plans, registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts. Holders should consult with their own advisors as to whether the shares of common stock of GWRI will be "prohibited investments" under the Tax Act for such accounts.

Resident Holders are required under the Tax Act to report their specified foreign property holdings if the aggregate cost amount of their foreign holdings exceeds C\$100,000. Following the Merger, shares of common stock of GWRI will constitute specified foreign property for these purposes and their cost amount will count towards the calculation of the C\$100,000 threshold. Accordingly, Resident Holders should consult their own tax advisors regarding compliance with these rules.

The Tax Act deems a Canadian resident to earn an imputed return annually on an interest held by the taxpayer in an "offshore investment fund property". An offshore investment fund property includes shares of a non-resident corporation if the shares may reasonably be considered to primarily derive their value, directly or indirectly, from portfolio investments in specified types of assets, including commodities. The shares of common stock of GWRI will be shares of a non-resident corporation following the Merger. A share of common stock of GWRI will be an offshore investment fund property only where it may be reasonably concluded that one of the main reasons for the taxpayer acquiring or holding the share of common stock of GWRI is to derive a benefit from portfolio investments in such assets such that the amount of Canadian tax payable by the Resident Holder is significantly less than the Canadian tax that would have been payable had the Resident Holder held such assets directly. This rule will not apply, and a Resident Holder will not have any imputed return, unless the purpose test discussed in the previous sentence is met. Resident Holders are urged to consult their own tax advisers in this regard.

Holders Not Resident in Canada

The following portion of this summary is applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, (i) has not been, is not and will not be resident or deemed to be resident in Canada and (ii) does not, will not and will not be deemed to use or hold the shares in carrying on a business in Canada (a "**Non-resident Holder**"). Special rules, which are not discussed in this summary, may apply to a holder that is an insurer carrying on a business in Canada and elsewhere.

The same tax consequences in respect of the Merger itself as described under "*Certain Canadian Federal Income Tax Consequences — Holders Resident in Canada*", above, will generally apply to a Non-resident Holder on the Merger. Further, GWRC is of the view that the Common Shares should not be "taxable Canadian property" at the time of the Merger for purposes

of the Tax Act and, accordingly, Non-resident Holders would not in any event be subject to Canadian tax consequences in respect of any capital gain or loss on the Merger.

After the Merger, dividends paid to a Non-resident Holder on shares of common stock of GWRI will not be subject to Canadian withholding tax. Non-resident Holders will not be subject to Canadian tax consequences in respect of any capital gain or capital loss arising on a disposition of shares of common stock of GWRI on the basis that the shares of common stock of GWRI will not be “taxable Canadian property”; provided, however, that it continues to be the case that the shares of common stock of GWRI do not derive their value, directly or indirectly, principally from certain Canadian connected property, notably real property located in Canada, Canadian resource property (as defined in the Tax Act) and property used or held in respect of a business carried on in Canada.

Based upon the limited guidance available in respect of the Canadian federal tax treatment of a dissenting Non-resident Holder who receives cash for his or her Common Shares following the Merger, the Canadian tax treatment of such a Holder in such circumstances is not without doubt. However, it is expected that such amounts (other than any interest awarded by a court) paid to a dissenting Non-resident Holder would likely constitute proceeds of disposition of the Non-resident Holder’s Common Shares resulting in a capital gain or capital loss. Non-resident Holders would not be subject to Canadian tax consequences in respect of any such capital gain or capital loss on the basis that the Common Shares are not “taxable Canadian property”. Any interest awarded to a dissenting Non-resident Holder by a court will not be subject to Canadian tax.

The preceding discussion of certain Canadian federal income tax considerations is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any Holder. Accordingly, Holders should consult their own tax advisors for advice as to the income tax consequences to them of the Merger having regard to their own particular circumstances.

Certain United States Federal Income Tax Considerations

The following discussion sets forth certain material U.S. federal income tax considerations relating to the Merger for GWRC and its U.S. Holders and Non-U.S. Holders (each as defined below), as well as, in the case of Non-U.S. Holders, certain of the expected U.S. federal income tax considerations relating to the ownership and disposition of shares of common stock of GWRI following the Merger, but does not purport to be a complete analysis of all potential tax matters for consideration. This discussion applies only to holders that hold Common Shares or shares of common stock of GWRI, as applicable, as capital assets for U.S. federal income tax purposes (generally, property held for investment). This discussion does not address all aspects of taxation that may be relevant to holders in light of their particular investment or tax circumstances or to holders that are subject to special tax rules, including without limitation:

- banks, insurance companies or other financial institutions;
- entities that are tax-exempt for U.S. federal income tax purposes;

- broker-dealers, traders, regulated investment companies, real estate investment trusts, or persons that use the mark-to-market method of accounting for U.S. federal income tax purposes;
- persons holding Common Shares as part of a hedge, straddle, conversion or other “synthetic security” or integrated transaction;
- former U.S. citizens or former long-term residents of the U.S.;
- persons subject to the alternative minimum tax;
- persons subject to the Medicare tax on investment income;
- persons that have owned or will own, actually or constructively, 10% or more of the voting power of all GWRC shares entitled to vote (except as specifically provided below);
- partnerships or other pass-through entities and holders of interests therein;
- “controlled foreign corporations,” “passive foreign investment companies,” or corporations that accumulate earnings to avoid, or that have the result of avoiding, U.S. federal income tax;
- persons who own SARs, DPUs, or PSUs; and
- persons who acquired their Common Shares pursuant to the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan (or in exchange for Common Shares which were received pursuant to the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan).

This discussion is based on current provisions of the Code, the U.S. Treasury Regulations promulgated thereunder (the “**Treasury Regulations**”), judicial decisions, published positions of the IRS and other applicable authorities, all as in effect on the date of this Circular and all of which are subject to differing interpretations or change, possibly with retroactive effect. This discussion does not address all U.S. federal tax laws (such as estate or gift tax laws), nor does it address any aspects of U.S. state or local or non-U.S. taxation. We have not sought and will not seek any rulings from the IRS, or an opinion from legal counsel, regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the Merger and the tax consequences relating to the ownership and disposition of shares of common stock of GWRI following the Merger.

We urge you to consult your own tax adviser regarding the U.S. federal tax consequences of the Merger and of acquiring, holding, and disposing of shares of common stock of GWRI, as well as any tax consequences that may arise under the laws of any state, local, non-U.S., or other applicable taxing jurisdiction or under any applicable tax treaty.

As used in this summary, the term “**U.S. Holder**” means a beneficial owner of Common Shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (including any entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate the income of which is taxable in the U.S. regardless of its source; or
- a trust, the administration of which is subject to the primary supervision of a U.S. court and one or more U.S. persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

The term “**Non-U.S. Holder**” for purposes of this summary means a beneficial owner of Common Shares that is neither a U.S. Holder nor a partnership (including for this purpose any other entity that is treated as a partnership for U.S. federal income tax purposes).

If a partnership (including for this purpose any other entity that is treated as a partnership for U.S. federal income tax purposes) holds Common Shares, the tax treatment of a partner of such partnership with respect to the partnership’s ownership of such shares generally will depend upon the status of the partner and the activities of the partnership. Partnerships and a partner in a partnership holding Common Shares should consult their own tax advisers regarding the U.S. federal income tax consequences to them.

Tax Considerations for GWRC

Qualification as a Reorganization. GWRC and GWRI intend for the Merger to qualify as a tax-deferred reorganization within the meaning of Section 368(a) of the Code (a “**Reorganization**”). Neither GWRC nor GWRI has sought or will seek an opinion of U.S. legal counsel or a ruling from the IRS regarding whether the Merger qualifies as a Reorganization, and no assurance can be provided that the Merger will so qualify. Except as specifically described below under “Tax Considerations for U.S. Holders – The Merger”, the remainder of this discussion assumes that the Merger will qualify as a Reorganization.

As a result of the Merger, GWRC will be treated for U.S. federal income tax purposes as (i) transferring all of its assets and liabilities to GWRI, in exchange for shares of common stock of GWRI, and (ii) distributing the shares of common stock of GWRI to its Shareholders pursuant to a Reorganization.

USRPHC Considerations. GWRC and GWRI believe that GWRI currently is a USRPHC within the meaning of Section 897 of the Code and will continue to be a USRPHC for the foreseeable future. Assuming GWRI is a USRPHC, under Section 897 of the Code, GWRC will be required to recognize gain (if any), but not loss, upon the deemed distribution of shares of common stock of GWRI to its Shareholders pursuant to the Merger. The amount of gain subject to taxation will be the amount, if any, by which the fair market value of the shares of common

stock of GWRI held by GWRC exceeds GWRC's adjusted basis in such shares. Based on its current and expected circumstances, GWRC does not expect to be subject to material U.S. federal income taxation upon the deemed distribution of shares of common stock of GWRI to its Shareholders pursuant to the Merger. However, the facts underlying GWRC's assumptions and conclusions may change prior to the Effective Time of the Merger and, as of the date hereof, the fair market value of the shares of common stock of GWRI held by GWRC at the time of the Merger cannot be predicted with certainty. If the fair market value of the shares of common stock of GWRI held by GWRC exceeds GWRC's adjusted basis in such shares at the time of the Merger, then such excess generally will be subject to U.S. federal income taxation. Any such tax could be material. Moreover, the IRS may disagree with GWRC's calculation of the amount of any such tax due. Accordingly, GWRC might be subject to material U.S. federal income taxation as a result of the Merger.

Tax Considerations for U.S. Holders

The Merger. As described above, GWRC and GWRI expect the Merger to qualify as a Reorganization. Subject to the discussion below under “— *Effect of Code Section 367*” and “— *Passive Foreign Investment Company Considerations*”, and assuming the Merger qualifies as a Reorganization, then in general:

- a U.S. Holder will not recognize income, gain or loss upon the surrender of Common Shares and the receipt of shares of common stock of GWRI in the Merger;
- the aggregate tax basis of shares of common stock of GWRI received by a U.S. Holder in the Merger will be the same as such U.S. Holder's aggregate tax basis in Common Shares surrendered in the Merger, increased by any amount included in the income of such U.S. Holder as a result of Section 367 of the Code or under the “PFIC” rules, as discussed below; and
- the holding period of shares of common stock of GWRI received by a U.S. Holder pursuant to the Merger will include the holding period of the Common Shares held by such U.S. Holder.

If the Merger fails to qualify as a Reorganization, a U.S. Holder of Common Shares generally would be treated as if it had sold such shares in a taxable transaction. In such event, a U.S. Holder would recognize gain or loss equal to the difference between the U.S. Holder's adjusted basis in its Common Shares and the fair market value of the shares of common stock of GWRI received in exchange therefor, such U.S. Holder's aggregate basis in the shares of common stock of GWRI received would equal the fair market value of such shares at such time, and such U.S. Holder's holding period in such shares would begin the day after the Merger.

Dissenting U.S. Holders. Subject to the discussion below relating to Section 302 of the Code and the discussion under the heading “— *Passive Foreign Investment Company Considerations*”, a U.S. Holder who exercises the right to dissent from the Merger generally will recognize gain or loss upon the exchange of Common Shares for cash in an amount equal to the difference between (i) the cash received, other than amounts, if any, which are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income,

and (ii) such holder's tax basis in Common Shares. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain if the holder held the Common Shares for longer than one year at the completion of the Merger. In some instances, cash received by a dissenting U.S. Holder could be taxed as ordinary dividend income if the holder actually or constructively owns shares of common stock of GWRI under the tests set forth in Section 302 of the Code after the Merger. The taxation of dissenting holders is complex, and U.S. Holders contemplating the exercise of dissenters' rights should consult their own tax advisers as to the application of the foregoing rules with regard to their particular circumstances.

Effects of Code Section 367. Section 367 of the Code applies to certain non-recognition transactions involving foreign corporations. When it applies, Section 367 of the Code has the effect of imposing U.S. federal income tax on certain U.S. persons in connection with transactions that would otherwise be tax-free. Section 367(b) of the Code will apply to the Merger under the circumstances discussed below, even if the Merger otherwise qualifies as a Reorganization.

A U.S. Holder who owns, actually or constructively, 10% or more of the voting power of all GWRC shares entitled to vote (a "**10% Shareholder**") will be required to recognize as a dividend the "all earnings and profits amount" attributable to such holder's Common Shares, as determined under Treasury Regulations Section 1.367(b)-2(d). Such U.S. Holders should consult their own tax advisers regarding the consequences of the Merger to them under Section 367 of the Code and the Treasury Regulations thereunder.

A U.S. Holder who is not a 10% Shareholder, but who beneficially owns (actually or constructively) Common Shares with a fair market value of U.S.\$50,000 or more on the date of the Merger, generally will recognize gain (but not loss) with respect to the deemed receipt of shares of common stock of GWRI in the Merger, unless such U.S. Holder makes the "Deemed Dividend Election" described below. In the absence of a Deemed Dividend Election, such gain recognized should be equal to the excess of the fair market value of the shares of common stock of GWRI received over the U.S. Holder's adjusted basis in the Common Shares surrendered in exchange therefor. Such gain should be capital gain, and should be long-term capital gain if the holder held the Common Shares for longer than one year. Long-term capital gains of non-corporate taxpayers are subject to a maximum U.S. federal income tax rate of 20%. A U.S. Holder making a Deemed Dividend Election must include in income as a dividend the "all earnings and profits amount" attributable to the Common Shares owned by such U.S. Holder. If a U.S. Holder makes the election, then the holder will not recognize any gain upon the surrender of Common Shares for shares of common stock of GWRI pursuant to the Merger. For a U.S. Holder to make the Deemed Dividend Election, GWRC must provide the holder with the "all earnings and profits amount" for such holder, and the U.S. Holder must make the election and file certain notices with such holder's federal income tax return for the year in which the Merger occurs.

To facilitate the making of a Deemed Dividend Election by U.S. Holders, GWRC intends to provide each U.S. Holder eligible to make the Deemed Dividend Election with information regarding its earnings and profits upon request. Based on its projected earnings and profits through the date of the Merger, GWRC does not expect its cumulative earnings and profits to be materially greater than zero through the date of the Merger. Assuming this expectation is correct, then a U.S. Holder who properly makes the election and complies with the applicable notice requirements generally should not recognize a material amount of income under Section 367(b) of the Code.

Thus, it is expected that the making of any election to include the all earnings and profits amount in income as a dividend may be advantageous to a U.S. Holder who would otherwise recognize gain with respect to the surrender of Common Shares for shares of common stock of GWRI pursuant to the Merger. However, there can be no assurance that GWRC's cumulative earnings and profits through the date of the Merger will not be greater than expected, nor can there be any assurance that the IRS will agree with GWRC's calculation of its earnings and profits. If it were determined that GWRC had earnings and profits materially greater than zero through the date of the Merger, then a U.S. Holder making the Deemed Dividend Election could have a material all earnings and profits amount with respect to its Common Shares, and such U.S. Holder would be required to include that amount in income as a deemed dividend as a result of the Merger. U.S. Holders should consult their own tax advisers regarding whether to make the Deemed Dividend Election, as well as the appropriate filing requirements with respect to this election.

A U.S. Holder who is not a 10% Shareholder and who owns Common Shares with a fair market value of less than U.S.\$50,000 on the date of the Merger should not be required to recognize any gain under Section 367 of the Code in connection with the Merger, and generally should not be required to include any part of the all earnings and profits amount in income.

Passive Foreign Investment Company Considerations. If it were determined that GWRC were a PFIC, then a U.S. Holder might be required to recognize gain (but not loss) as a result of the Merger, notwithstanding the qualification of the Merger as a Reorganization. In particular, Section 1291(f) of the Code requires that, to the extent provided in regulations, a U.S. person that disposes of stock of a PFIC recognizes gain notwithstanding any other provision of the Code. No final Treasury Regulations have been promulgated under Section 1291(f). Proposed Treasury Regulations were promulgated in 1992 with a retroactive effective date. If finalized in their current form, these proposed regulations generally would require gain (but not loss) recognition by U.S. persons exchanging shares in a corporation that is a PFIC at any time during such U.S. person's holding period of such shares.

In general, GWRC would be a PFIC with respect to a U.S. Holder if for any taxable year in which such holder held Common Shares (i) at least 75% or more of GWRC's gross income for the taxable year were passive income or (ii) at least 50% or more of the value, determined on the basis of a quarterly average, of GWRC's assets were attributable to assets that produce or are held to produce passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income, and net foreign currency gains. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation, then the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

Based upon its current and expected income and assets, GWRC does not believe that it will be a PFIC for the current taxable year, nor does it believe that it was a PFIC in prior taxable years. However, the determination of whether GWRC is a PFIC depends on the facts and circumstances and the application of the PFIC rules, which are subject to differing interpretations. Accordingly, there can be no assurance that GWRC will not be considered a PFIC for any taxable year, or that the IRS or a court will agree with its determination as to its PFIC status.

U.S. Holders are strongly urged to consult their own tax advisers regarding the PFIC rules, including the potential tax consequences to them if the PFIC rules were to apply to the Merger.

Reporting Requirements. Under Treasury Regulations, a U.S. Holder that is a “significant holder” who receives shares of common stock of GWRI pursuant to the Merger will be required to (i) file a statement with such holder’s U.S. federal income tax return providing certain facts pertinent to the Merger, including the tax basis in Common Shares surrendered and the fair market value of the shares of common stock of GWRI received pursuant to the Merger and (ii) retain permanent records of certain facts relating to the Merger. A “significant holder” for this purpose is any U.S. Holder who, immediately before the Merger, (i) owned at least 5% (by vote or value) of the Common Shares before the Merger or (ii) owned GWRC securities with a tax basis of U.S.\$1 million or more.

Tax Considerations for Non-U.S. Holders

The Merger. A Non-U.S. Holder generally will not be subject to U.S. federal income tax upon the surrender of Common Shares in exchange for shares of common stock of GWRI pursuant to the Merger.

Dissenting Non-U.S. Holders. A Non-U.S. Holder who exercises the right to dissent from the Merger generally will not be subject to U.S. federal income tax on any gain realized upon the exchange of Common Shares for cash, except to the extent that (i) such gain is subject to tax as described in the first two bullets under the heading “— *Gain on Disposition*” below, (ii) any amounts received are or are deemed to be interest and are treated as (a) paid from U.S. sources and therefore subject to 30% U.S. federal withholding tax or (b) effectively connected with the holder’s conduct of a U.S. trade or business and therefore subject to U.S. federal income tax on a net income basis and possibly branch profits tax in the case of a corporate Non-U.S. Holder, or (iii) such cash received is treated as ordinary dividend income under the tests set forth in Section 302 of the Code and is treated as (a) paid from U.S. sources and therefore subject to 30% U.S. federal withholding tax or (b) effectively connected with the holder’s conduct of a U.S. trade or business and therefore subject to U.S. federal income tax on a net income basis and possibly branch profits tax in the case of a corporate Non-U.S. Holder. Taxes described in the preceding sentence may be subject to exemption or reduction under the Code or an applicable income tax treaty. The taxation of dissenting holders is complex, and Non-U.S. Holders contemplating the exercise of dissenters’ rights should consult their own tax advisers as to the application of the foregoing rules with regard to their particular circumstances.

Tax Considerations Relating to the Ownership and Disposition of the Shares of Common Stock of GWRI

Distributions. Subject to the discussion below under “— *Information Reporting and Backup Withholding*” and “— *FATCA*,” in general, distributions with respect to shares of common stock of GWRI will constitute dividends for U.S. federal income tax purposes to the extent paid from GWRI’s current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Dividends will be subject to U.S. federal withholding tax at a 30% rate, unless such rate is reduced by an applicable income tax treaty. To the extent that the amount of a distribution exceeds GWRI’s current and accumulated earnings and profits, the distribution will

be treated first as a tax-free return of capital to the extent of the Non-U.S. Holder's adjusted tax basis in its shares of common stock of GWRI, which will reduce such basis dollar-for-dollar. Any excess distribution thereafter will be treated as gain from the sale or exchange of shares of common stock of GWRI, the tax treatment of which is discussed below under "*— Gain on Disposition*". To receive the benefit of a reduced treaty rate, a Non-U.S. Holder must provide the applicable withholding agent with an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable or successor form) certifying qualification for the reduced rate. Dividends that are effectively connected with the conduct of a trade or business in the U.S. or, in the case of an applicable income tax treaty, are attributable to a permanent establishment in the U.S., are not subject to the withholding tax, but instead are subject to U.S. federal income tax on a net income basis at applicable individual or corporate rates. In such case, Non-U.S. Holders must comply with certain certification requirements (generally by providing an IRS Form W-8ECI) in order for effectively connected income to be exempt from withholding tax. A Non-U.S. Holder that is a corporation may also be subject to a "branch profits tax" at a 30% rate (or such lower rate as may be specified by an applicable tax treaty) of its "effectively connected earnings and profits", subject to certain adjustments.

Gain on Disposition. Subject to the discussion below under "*— Information Reporting and Backup Withholding*" and "*— FATCA*", a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or disposition of shares of common stock of GWRI unless:

- the gain is effectively connected with such holder's conduct of a U.S. trade or business (and, if an income tax treaty applies, the gain is attributable to a permanent establishment maintained by such holder in the U.S.);
- such holder is an individual who is present in the U.S. for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- shares of common stock of GWRI constitute a "United States real property interest" by reason of GWRI's status as a USRPHC at any time within the shorter of the five-year period preceding such holder's disposition of, or such holder's holding period for, shares of common stock of GWRI.

As stated above, GWRC and GWRI believe that GWRI currently is a USRPHC and will continue to be a USRPHC for the foreseeable future. As a USRPHC, as long as shares of common stock of GWRI are regularly traded on an established securities market, shares of common stock of GWRI will be treated as a U.S. real property interest only with respect to a Non-U.S. Holder that actually or constructively owns more than 5% of shares of common stock of GWRI at any time during the shorter of the five-year period preceding the date of disposition of, or the holder's holding period for, shares of common stock of GWRI. Because the shares of common stock of GWRI will be listed on the NASDAQ, shares of common stock of GWRI are expected to be regularly traded on an established securities market. However, no assurance can be provided in this regard. If any gain on a Non-U.S. Holder's disposition of shares of common stock of GWRI is taxable because GWRI is a USRPHC and such Non-U.S. Holder's ownership of shares of common stock of GWRI exceeds 5%, then such Non-U.S. Holder generally will be taxed on such

disposition in the manner applicable to U.S. persons. That is, a Non-U.S. Holder will generally recognize gain or loss equal to the difference between (i) such holder's adjusted tax basis in the stock sold and (ii) the amount realized in connection with such disposition, and incur a U.S. federal income tax return filing obligation related thereto. In addition, a corporate Non-U.S. Holder may also be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items. Notwithstanding the foregoing, a Non-U.S. Holder that is a "qualified foreign pension fund" as defined in Section 897(l) of the Code generally will not be subject to U.S. federal income tax upon the disposition of shares of common stock of GWRI, nor will such holder generally incur a U.S. federal income tax return filing obligation as a result of such disposition, regardless of the percentage of shares of common stock of GWRI owned.

A Non-U.S. Holder described in the first bullet above will be required to pay tax on the net gain derived from the sale or other disposition of shares of common stock of GWRI at regular graduated U.S. federal income tax rates. A corporate Non-U.S. Holder described in the first bullet above may also be subject to the branch profits tax on its effectively connected earnings and profits (as adjusted) at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty.

A Non-U.S. Holder described in the second bullet above will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S.-source capital losses for the year, subject to limitations.

Information Reporting and Backup Withholding. GWRI must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty (or similar information exchange agreement). A Non-U.S. Holder will be subject to backup withholding for distributions paid to such holder, unless such holder certifies, under penalties of perjury, that it is not a U.S. person (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of shares of common stock of GWRI within the U.S. or conducted through certain U.S.-related financial intermediaries, unless the beneficial owner certifies, under penalties of perjury, that it is not a U.S. person (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person), or such owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the Non-U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

FATCA. Sections 1471 through 1474 of the Code, and the Treasury regulations and administrative guidance issued thereunder ("FATCA"), impose a 30% withholding tax on any

dividends paid on shares of common stock of GWRI and on the gross proceeds from a disposition (or deemed disposition) of shares of common stock of GWRI (if such disposition or deemed disposition occurs after December 31, 2018), in each case if paid to a “foreign financial institution” or a “non-financial foreign entity” (each as defined in the Code) (including, in some cases, when such foreign financial institution or non-financial foreign entity acts as an intermediary), unless (i) in the case of a foreign financial institution, such institution enters into an agreement with the U.S. government to withhold on certain payments, and to collect and provide to the U.S. tax authorities certain information regarding U.S. account holders of such institution, (ii) in the case of a non-financial foreign entity, such entity certifies that it does not have any “substantial United States owners” (as defined in the Code) or provides the applicable withholding agent with a certification (generally on an IRS Form W-8BEN-E) identifying the direct and indirect substantial U.S. owners of such entity, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules and provides appropriate documentation (such as an IRS Form W-8BEN-E). Foreign financial institutions in countries that have entered into an intergovernmental agreement with the U.S. to implement FATCA may be subject to different rules. Under certain circumstances, a holder might be eligible for a refund or credit of such taxes.

The rules under FATCA are complex. Holders are encouraged to consult their own tax advisers regarding the implications of FATCA for their ownership and disposition of shares of common stock of GWRI.

The preceding discussion of certain material U.S. federal income tax considerations is for general information only and is not tax advice. Each holder of Common Shares should consult its own tax adviser regarding the particular U.S. federal, state, local and foreign tax consequences of the Merger and of holding and disposing of shares of common stock of GWRI, including the consequences of any proposed change in applicable laws and any applicable reporting requirements.

III. INFORMATION CONCERNING GWRC AND GWRI

Corporate History

Global Water Resources, LLC (“**GWR**”) was organized in 2003 to acquire, own, and manage a portfolio of water and wastewater utilities in the southwestern region of the United States. Global Water Management, Inc. (“**GWM**”) was formed as an affiliated company to provide business development, management, construction project management, operations, and administrative services to GWR and all of its regulated subsidiaries.

In early 2010, the members of GWR and GWM made the decision to raise money through the capital markets, and GWR and GWM were reorganized to form the Delaware corporation that GWRI is today. On March 23, 2010, the members established a new entity, GWRC, to acquire the shares of common stock of GWRI and to actively participate in the management, business and operations of GWRI through its representation on the GWRI Board and its shared management with GWRI. On December 30, 2010, GWRC completed its initial public offering in Canada on the TSX.

About GWRC

GWRC is a corporation organized under the laws of British Columbia. The registered office of GWRC is located at 1600 - 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. The registered office address of GWRC is that of its external legal counsel and GWRC has no employees or assets in Canada. GWRC’s head office is located at 21410 North 19th Avenue, Suite 220, Phoenix, Arizona, 85027, United States.

GWRC’s sole asset is an approximate 47.8% equity interest in GWRI. Except for its Chief Executive Officer and Chief Financial Officer (who serve in equivalent roles at GWRI and receive no compensation from GWRC in connection with these roles), GWRC has no employees and depends on the resources and services of GWRI for the management and general administration of GWRC’s business and affairs. The services provided by GWRI are performed in accordance with a Management Agreement between GWRC and GWRI dated December 30, 2010, which will be terminated on completion of the Arrangement.

On the Effective Date, GWRC will merge with and into GWRI under the DGCL and as a result, GWRC will cease to exist as a British Columbia corporation and GWRI will be the surviving entity of the Merger.

About GWRI

Upon completion of the Arrangement, the business and affairs of GWRI will remain unchanged. GWRI is a leading water resource management company, co-founded in Phoenix, Arizona in 2003 by Chairman Trevor T. Hill and investor and member of the Board of Directors, William S. Levine. GWRI recognized that population growth and shrinking water supplies had the potential to overwhelm small, undercapitalized and under-engineered water utilities and that GWRI’s unique water management approach could have the potential to achieve local conservation objectives and maximize the economic value of water.

GWRI operates in the Western U.S. as a water resource management company that owns and operates regulated water, wastewater and recycled water utilities in strategically located communities, principally in metropolitan Phoenix, Arizona. GWRI seeks to deploy its integrated approach, Total Water Management (“TWM”), a term which means managing the entire water cycle by owning and operating the water, wastewater and recycled water utilities within the same geographic areas in order to both conserve water and maximize its total economic and social value. GWRI uses TWM to promote sustainable communities in areas where GWRI expects growth to outpace the existing potable water supply. GWRI’s model focuses on the broad issues of water supply and scarcity and applies principles of water conservation through water reclamation and reuse. The basic premise of GWRI’s business is that the world’s water supply is limited and yet can be stretched significantly through effective planning, the use of recycled water and by providing individuals and communities resources that promote wise water usage practices.

GWRI provides drinking water, wastewater and recycled water utility services. It owns water and wastewater utilities that provide water and wastewater services to residential, commercial and industrial customers. GWRI’s utilities that provide these services are subject to economic regulation by the state regulator, the Arizona Corporation Commission. The U.S. federal and state governments also regulate environmental, health and safety and water quality matters. GWRI’s financial condition and results of operations are influenced by a variety of industry-wide factors, including but not limited to (i) economic and environmental utility regulation; (ii) economic environment; (iii) the need for infrastructure investment; (iv) an overall trend of declining water usage per customer; (v) weather and seasonality; and (vi) access to and quality of water supply.

Description of Share Capital

Upon completion of the Arrangement, GWRI’s authorized capital stock will consist of 60,000,000 shares of common stock, par value \$0.01 per share, and 5,000,000 shares of undesignated preferred stock, par value \$0.01 per share.

Common Stock

The holders of the shares of common stock of GWRI will be entitled to one vote per share of common stock of GWRI on all matters to be voted on at all meetings of shareholders, including the election of directors, and will not be entitled to cumulative voting rights. Accordingly, holders of a majority of the shares of common stock of GWRI that would normally be entitled to vote in any election of directors will be able to elect all of the directors standing for election if they so choose.

The holders of the shares of common stock of GWRI will be entitled to receive ratably those dividends, if any, as may be declared by the GWRI Board out of legally available funds. Upon the liquidation, dissolution or winding up of GWRI, the holders of common stock of GWRI will be entitled to share ratably in the net assets legally available for distribution to stockholders after payment of debts and other liabilities.

The holders of the shares of common stock of GWRI will not have preemptive or conversion rights or other subscription rights and redemption or sinking funds provisions will not be applicable to the shares of common stock of GWRI.

Preferred Stock

The GWRI Board will have the authority, without action by GWRI stockholders, to issue shares of preferred stock of GWRI and to fix voting powers for each class or series of preferred stock, and to provide that any class or series may be subject to redemption, entitled to receive dividends, entitled to rights upon dissolution, or convertible or exchangeable for shares of any other class or classes of capital stock. The rights with respect to a series or class of preferred stock may be greater than the rights attached to the shares of common stock of GWRI. It is not possible to state the actual effect of the issuance of any shares of preferred stock of GWRI on the rights of holders of shares of common stock of GWRI until the GWRI Board determines the specific rights attached to shares of that preferred stock. The effect of issuing shares of preferred stock could include, among other things, one or more of the following:

- restricting dividends in respect of the shares common stock of GWRI;
- diluting the voting power of the shares of common stock of GWRI or providing that holders of shares of preferred stock of GWRI have the right to vote on matters as a class;
- impairing the liquidation rights of the shares of common stock of GWRI; or
- delaying or preventing a change of control of GWRI.

Dividend Policy

After the completion of the Arrangement, GWRI intends to pay a regular monthly dividend on the shares of common stock of GWRI of U.S.\$0.02 per share (U.S.\$0.24 per share annually), or an aggregate of approximately U.S.\$4.7 million on an annual basis, which is the U.S.\$ equivalent of the current C\$0.0283 monthly dividend of GWRC, based on the Bank of Canada noon exchange rate on January 18, 2016, the day prior to the date that the Merger transaction was announced. However, GWRI's future dividend policy is subject to its compliance with applicable law, and depending on, among other things, its results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in its debt agreements and in any preferred stock GWRI may issue in the future, business prospects and other factors that the GWRI Board may deem relevant. See "*Risk Factors Related to the Arrangement, the Ownership of Shares of Common Stock of GWRI and GWRI and the Industry in Which it Operates*".

Principal Stockholders of GWRI

The following table sets forth information about the beneficial ownership of the shares of common stock of GWRI immediately prior to and after the consummation of the Arrangement, for:

- each stockholder known by GWRI to be the beneficial owner of more than 5% of GWRI's outstanding shares of common stock;
- each of GWRI's directors;
- each of GWRI's named executive officers; and
- all of GWRI's directors and executive officers as a group.

The number of shares beneficially owned by each stockholder is determined under rules issued by the SEC and includes voting or investment power with respect to securities. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, or other rights, held by such person that are currently exercisable or will become exercisable within 60 days of the date of this prospectus, are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. Each of the stockholders listed has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

The number of shares and the percentages under "Shares Beneficially Owned Immediately Prior to the Arrangement" below reflect holdings as of March 16, 2016 and are based on 181,179 shares of common stock of GWRI outstanding as of such date. The number of shares and percentages under "Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)" below are based on 18,241,746 shares of common stock of GWRI to be issued and outstanding after giving effect to the Arrangement (including the 100.68-for-1 forward stock split with respect to GWRI's common stock effected prior to the completion of the Arrangement), but without giving effect to any shares of common stock of GWRI issued pursuant to the U.S. IPO

Unless otherwise indicated, the address of all listed stockholders is c/o Global Water Resources, Inc., 21410 N 19th Avenue #220, Phoenix, AZ 85027.

	Shares Beneficially Owned Immediately Prior to the Arrangement		Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO) ⁽¹⁾	
	Number of Shares	Percentage of Class	Number of Shares	Percentage of Class
5% Stockholders:				
GWR Global Water Resources Corp. ⁽²⁾	86,675	47.8%	—	—
Andrew Cohn ⁽³⁾	10,768	5.9%	1,192,828	6.5%
Leo P. Commandeur ⁽⁴⁾	10,032	5.5%	1,024,641	5.6%
Polar Asset Management Partners Inc. ⁽⁵⁾	—	—	959,900	5.3%
Directors and Named Executive Officers:				
Trevor T. Hill ⁽⁶⁾	25,080(13)	13.8%	2,616,811	14.3%
Richard M. Alexander ⁽⁷⁾	— (13)	—	32,500	*
Cindy M. Bowers ⁽⁸⁾	1,723(13)	*	237,002	1.3%
William S. Levine ⁽⁹⁾	44,488(13)	24.6%	6,079,210	33.3%
David C. Tedesco	— (13)	—	—	—
L. Rita Theil ⁽¹⁰⁾	— (13)	—	2,666	*
Ron L. Fleming ⁽¹¹⁾	—	—	9,796	*
Michael J. Liebman ⁽¹²⁾	—	—	7,200	*
Total for all directors and named executive officers as a group (8 persons)	71,291	39.3%	8,985,185	49.3%

* Represents beneficial ownership of less than 1%.

- (1) The share amounts and percentages reflected in this column give effect to (i) the Stock Split and (ii) the Arrangement.
- (2) As of the date hereof, GWRC owns approximately 47.8% of the outstanding common stock of GWRI. As a result of the Arrangement, GWRC will be merged with and into GWRI, and holders of GWRC's common shares will receive one share of GWRI's common stock for each outstanding common share of GWRC.
- (3) Amount reflected under "Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)" includes 108,667 shares of GWRI's common stock to be received by Mr. Cohn in exchange for his shares of GWRC pursuant to the Arrangement.
- (4) As of the date hereof, amount reflected under "Shares Beneficially Owned Immediately Prior to the Arrangement" consists of (i) 5,016 shares held of record by the DDC 2012 Trust dated December 12, 2012, for which Mr. Commandeur's spouse serves as trustee and (ii) 5,016 shares held of record by the LPC 2012 Trust dated December 12, 2012, for which Leo P. Commandeur and Trevor T. Hill serve as trustees. Amount reflected under "Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)" includes 14,584 shares of GWRI's common stock to be received by Mr. Commandeur in exchange for his shares of GWRC pursuant to the Arrangement.
- (5) Amount reflected under "Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)" includes 959,900 shares of GWRI's common stock to be received by Polar Asset Management Partners Inc. in exchange for its shares of GWRC pursuant to the Arrangement and is based solely on the stockholder's Alternative Monthly Early Warning Report, dated November 10, 2015, filed with the Canadian Securities Administrators. Christopher Fernyc, portfolio manager of Polar Asset Management Partners Inc., has sole voting and dispositive power with respect to such shares held by Polar Asset Management Partners Inc. The stockholder's address is 401 Bay Street, Suite 1900, Toronto, Ontario M5H 2Y4.
- (6) As of the date hereof, amount reflected under "Shares Beneficially Owned Immediately Prior to the Arrangement" consists of (i) 20,064 shares held of record by Mr. Hill and (ii) 5,016 shares held of record by the LPC 2012 Trust dated December 12, 2012, for which Leo P. Commandeur and Trevor T. Hill serve as trustees. Amount reflected under "Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)" includes 91,667 shares of GWRI's common stock to be received by Mr. Hill in exchange for his shares of GWRC pursuant to the Arrangement.
- (7) Amount reflected under "Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)" includes 32,500 shares of GWRI's common stock to be received by Mr. Alexander in exchange for his shares of GWRC pursuant to the Arrangement.

- (8) Amount reflected under “Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)” includes 63,524 shares of GWRI’s common stock to be received by Ms. Bowers in exchange for her shares of GWRC pursuant to the Arrangement.
- (9) As of the date hereof, amount reflected under “Shares Beneficially Owned Immediately Prior to the Arrangement” consists of 44,488 shares held of record by Levine Investments Limited Partnership, for which Mr. Levine serves as general partner. Amount reflected under “Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)” includes 1,600,000 shares of GWRI’s common stock to be received by Mr. Levine in exchange for his shares of GWRC pursuant to the Arrangement.
- (10) Amount reflected under “Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)” includes 2,666 shares of GWRI’s common stock to be received by Ms. Theil in exchange for her shares of GWRC pursuant to the Arrangement.
- (11) Amount reflected under “Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)” includes 9,796 shares of GWRI’s common stock to be received by Mr. Fleming in exchange for his shares of GWRC pursuant to the Arrangement.
- (12) Amount reflected under “Shares Beneficially Owned Immediately After the Arrangement (But Without Giving Effect to the U.S. IPO)” includes 7,200 shares of GWRI’s common stock to be received by Mr. Liebman in exchange for his shares of GWRC pursuant to the Arrangement.
- (13) Amount does not include shares owned directly by GWRC, although individuals noted are also directors of GWRC.

Consolidated Capitalization Table

The table below sets forth GWRI’s cash and cash equivalents and capitalization as of December 31, 2015:

- on an actual basis; and
- on an as adjusted basis to give effect to the Arrangement.

The table does not give effect to any shares of common stock of GWRI issued pursuant to the U.S. IPO.

	As of December 31, 2015	
	Actual	As Adjusted (1)
	(U.S.\$ in thousands)	
Cash and cash equivalents	\$ 11,513	\$ 11,513
Debt:		
5.450% Series 2006 bonds ⁽¹⁾	2,025	2,025
5.600% Series 2006 bonds ⁽¹⁾	6,215	6,215
5.750% Series 2006 bonds ⁽¹⁾	23,370	23,370
6.550% Series 2007 bonds ⁽¹⁾	50,877	50,877
6.375% Series 2008 bonds ⁽¹⁾	635	635
7.500% Series 2008 bonds ⁽¹⁾	23,235	23,235
Capital lease obligations	288	288
Total debt	106,445	106,445

	As of December 31, 2015	
	Actual	As Adjusted (1)
	(U.S.\$ in thousands)	
Stockholders' equity:		
Common stock, par value \$0.01 per share; 1,000,000 shares authorized, 181,179 shares issued and outstanding on an actual basis; 60,000,000 shares authorized, 18,241,746 ⁽²⁾ shares issued and outstanding on an as adjusted basis;	2	1
Treasury stock	—	1
Paid-in capital	21,659	21,206
Accumulated deficit	(1,598)	(1,598)
Total stockholders' equity	20,063	19,610
Total capitalization	\$ 126,708	\$ 126,255

(1) Following the completion of the U.S. IPO and the Arrangement, GWRI plans to refinance these tax-exempt bonds, which were issued through The Industrial Development Authority of the County of Pima. See “*The Arrangement — Reasons for the Arrangement*” for additional information.

(2) Gives effect to the Stock Split.

Pro Forma Consolidated Financial Information

The following tables present, as of the dates and for the periods indicated, the selected historical and pro forma consolidated financial data for GWRI and its subsidiaries. The summary historical consolidated statement of operations data for the years ended December 31, 2014 and 2015 and the historical consolidated balance sheet data as of December 31, 2014 and 2015 are derived from GWRI's audited consolidated financial statements that are incorporated by reference herein. In GWRI's opinion, such financial statements include all adjustments consisting only of normal recurring adjustments that GWRI considers necessary for a fair presentation of the financial information set forth in those statements. GWRI's historical results are not necessarily indicative of GWRI's results in any future period. The summary pro forma consolidated financial data is derived from GWRI's unaudited pro forma condensed consolidated financial information and is included as Appendix H to this Circular.

The summary pro forma condensed consolidated balance sheet as of December 31, 2015 is adjusted to give effect to the Arrangement and the Stock Split. The summary pro forma condensed consolidated statement of operations data for the year ended December 31, 2015 is adjusted to give effect to the Stock Split and the condemnation of the operations and assets of Valencia Water Company, Inc. (as described in the Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 2015 and 2014 incorporated by reference herein, under the heading “Recent Corporate Transactions—Stipulated Condemnation of Valencia”), as if the transaction had occurred on January 1, 2015. The pro forma unaudited condensed consolidated statement of operations was required to be included in the Form S-1 registration statement of GWRI filed in connection with the U.S. IPO and, as a result, is included in this Circular for informational purposes. The condemnation of the operations and assets of Valencia Water Company, Inc. has been omitted from the balance sheet adjustments as the transaction is reflected in GWRI's audited consolidated balance sheet as of December 31, 2015. The Arrangement has been omitted from the statement of operations adjustments as the transaction will not have any impact on GWRI's statement of operations.

Shareholders should read this information together with GWRI's audited consolidated financial statements, the related notes and the related Management's Discussion and Analysis of Financial Condition and Results of Operations thereto incorporated by reference in this Circular, and GWRI's unaudited pro forma condensed consolidated financial information and related notes included elsewhere in this Circular.

	December 31, 2015	Pro Forma December 31, 2015	December 31, 2014
		(U.S.\$ in thousands)	
ASSETS:			
Net property, plant and equipment	\$ 194,152	\$ 194,152	\$ 240,424
Current assets	18,715	18,715	12,293
Other assets	25,108	25,108	54,884
Total Assets	<u>\$ 237,975</u>	<u>\$ 237,975</u>	<u>\$ 307,601</u>
LIABILITIES:			
Current liabilities	\$ 10,663	\$ 10,841	\$ 13,630
Noncurrent liabilities	207,249	207,524	266,291
Total Liabilities	<u>217,912</u>	<u>218,365</u>	<u>279,921</u>
SHAREHOLDERS' EQUITY	20,063	19,610	27,680
Total Liabilities and Shareholders' Equity	<u>\$ 237,975</u>	<u>\$ 237,975</u>	<u>\$ 307,601</u>

	Year Ended December 31, 2015	Pro Forma Year Ended December 31, 2015	Year Ended December 31, 2014
		(U.S.\$ in thousands, except per share data)	
Revenues	\$ 31,956	\$ 28,690	\$ 32,559
Operating expenses	25,429	22,802	(22,232)
Operating income	6,527	5,888	54,791
Total other income (expense)	35,459	(7,526)	(6,855)
Income (loss) before income taxes	41,986	(1,638)	47,936
Income tax benefit (expense)	(20,623)	784	16,995
Net income (loss)	<u>\$ 21,363</u>	<u>\$ (854)</u>	<u>\$ 64,931</u>
Basic earnings (loss) per common share	\$ 117.55	\$(0.05) ⁽¹⁾⁽²⁾	\$ 356.67
Diluted earnings (loss) per common share	\$ 117.55	\$(0.05) ⁽¹⁾⁽²⁾	\$ 356.67

(1) The adjustments to basic earnings (loss) and diluted earnings (loss) per Common Share reflect the net income eliminated through the pro forma adjustments for the year ended December 31, 2015 and the elimination of the net gain on the condemnation of the operations and assets of Valencia Water Company, Inc. and the net income eliminated through the pro forma adjustments for the year ended December 31, 2015.

(2) As adjusted to give effect to the Stock Split.

Directors and Executive Officers

GWRC and GWRI have shared management and, accordingly, on completion of the Arrangement there will be no changes to management of GWRI. The GWRI Board will be comprised of the following individuals, all of whom, other than Ms. Cindy M. Bowers and Mr. Ron L. Fleming, are current directors of GWRC. Biographies of each of these individuals are detailed in the AIF in the "Directors, Officers and Management" section and available on SEDAR at www.sedar.com.

- Mr. Richard M. Alexander – Director
- Ms. Cindy M. Bowers – Director
- Mr. Ron L. Fleming – Director
- Mr. Trevor T. Hill – Chairman of the Board of Directors and Director
- Mr. William S. Levine – Director
- Mr. David C. Tedesco – Director
- Ms. L. Rita Theil – Director

Corporate Governance

Committees of the GWRI Board

The GWRI Board will establish three standing committees: the audit and risk committee, the compensation committee and the corporate governance, nominating, environmental and health and safety committee, each of which will have the composition and responsibilities described below as of the completion of the Arrangement. After the completion of the U.S. IPO, each committee's charter will be posted on the investor relations section of GWRI's website.

Audit and Risk Committee

GWRI's audit and risk committee's primary functions will be to oversee GWRI's accounting and financial reporting processes, internal control systems, independent auditor relationships and the audits of GWRI's financial statements. This committee's responsibilities will include the following:

- selecting and hiring an independent registered public accounting firm;
- evaluating the qualifications, independence and performance of the independent registered public accounting firm;
- reviewing and approving the audit and non-audit services to be performed by the independent registered public accounting firm;
- reviewing the design, adequacy, implementation and effectiveness of GWRI's internal controls established for finance, accounting, legal compliance and ethics;
- reviewing the design, adequacy, implementation and effectiveness of GWRI's critical accounting and financial policies;
- overseeing and monitoring the integrity of GWRI's financial statements and GWRI's compliance with legal and regulatory requirements as they relate to GWRI's financial statements;

- reviewing with management and the independent registered public accounting firm the results of GWRI's annual and quarterly financial statements;
- preparing the audit committee report that the SEC will require in GWRI's annual proxy statement; and
- reviewing and approving any related party transactions.

Upon the completion of the Arrangement, GWRI's audit and risk committee will be comprised of Mr. Richard M. Alexander, Ms. L. Rita Theil, and Mr. David C. Tedesco. Mr. Richard M. Alexander will be the chair of GWRI's audit and risk committee. The GWRI Board will determine that each member of its audit and risk committee meets the requirements for independence under current SEC rules and NASDAQ listing standards. The GWRI Board will also identify, to the extent applicable, an "audit committee financial expert" as defined under SEC rules and regulations implementing Section 407 of the Sarbanes-Oxley Act. GWRI intends to comply with future requirements regarding its audit committee to the extent such requirements become applicable to GWRI.

Compensation Committee

GWRI's compensation committee's primary functions will be to monitor and assist the GWRI Board in determining compensation for GWRI's senior management, directors and key employees. This committee's responsibilities will include the following:

- setting performance goals for GWRI's officers and reviewing their performance against these goals;
- reviewing and recommending compensation and benefit plans for GWRI's officers and key employees and compensation policies for the GWRI Board and members of GWRI's board committees;
- reviewing the terms of offer letters and employment agreements and arrangements with GWRI's officers; and
- reviewing director compensation for service on the GWRI Board and any committees of the GWRI Board.

Upon the completion of the Arrangement, GWRI's compensation committee will be comprised of Mr. Richard M. Alexander, Ms. L. Rita Theil and Mr. David C. Tedesco. Mr. David C. Tedesco will be the chair of GWRI's compensation committee. Each member of this committee will be a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined under Section 162(m) of the Code, as amended. The GWRI Board will determine that each member of the compensation committee meets the requirements for independence under the current requirements of the NASDAQ listing standards. GWRI intends to comply with future requirements regarding its compensation committee to the extent such requirements become applicable to GWRI.

Corporate Governance, Nominating, Environmental and Health and Safety

GWRI's corporate governance, nominating, environmental and health and safety committee's primary functions will be to assist the GWRI Board by identifying individuals qualified to become directors consistent with criteria established by the GWRI Board. This committee's responsibilities will include the following:

- evaluating the composition, size and governance of the GWRI Board and its committees and making recommendations regarding future planning and the appointment of directors to committees of the GWRI Board;
- recommending to the GWRI Board the persons to be nominated for election as directors;
- administering a policy for considering nominees for election to the GWRI Board;
- overseeing GWRI's directors' performance and self-evaluation process;
- reviewing GWRI's corporate governance principles and providing recommendations to the GWRI Board regarding possible changes;
- reviewing and monitoring compliance with GWRI's code of conduct and ethics and GWRI's insider trading policy;
- ensuring that there is appropriate orientation, education and training programs for new and existing directors; and
- assessing the GWRI's health and safety practices and ensuring that there is a culture of health and safety enforcement.

Upon the completion of the Arrangement, GWRI's corporate governance, nominating, environmental and health and safety committee will be comprised of Mr. Richard M. Alexander, Ms. L. Rita Theil and Mr. David C. Tedesco. Ms. L. Rita Theil will be the chair of the corporate governance, nominating, environmental and health and safety committee. The GWRI Board will determine that each member of GWRI's corporate governance, nominating, environmental and health and safety committee meets the requirements for independence under the current requirements of the NASDAQ listing standards. GWRI intend to comply with future requirements regarding its corporate governance, nominating, environmental and health and safety committee to the extent such requirements become applicable to GWRI.

Majority Voting Policy

The GWRI Board expects to adopt a policy which provides that, if the total number of votes withheld exceeds the number of votes cast in favor of a director nominee, the director must immediately submit his or her resignation to the Chairman of the GWRI Board, to be effective when accepted by the GWRI Board. GWRI's corporate governance, nominating, environmental and health and safety committee would then consider and make a recommendation to the GWRI Board regarding the resignation. A director who tenders a resignation pursuant to this policy will

not participate in any meeting of the GWRI Board or any board sub-committee at which the resignation is considered. The GWRI Board will accept the resignation absent exceptional circumstances. If a resignation is accepted, the GWRI Board may: (i) leave the vacancy unfilled until the next annual stockholders' meeting; (ii) appoint a new director to fill the vacancy; or (iii) call a special stockholders' meeting to fill the vacancy. This policy would apply only to uncontested elections — that is, elections in which the number of director nominees is equal to the number of directors to be elected.

Code of Business Conduct and Ethics

The GWRI Board will adopt a written code of business conduct and ethics (the “**Code of Ethics**”). The Code of Ethics is intended to document the principles of conduct and ethics to be followed by all of GWRI's directors, officers and employees. Its purpose is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest. Following the completion of the Arrangement, the full text of the Code of Ethics will be posted on the investor relations section of GWRI's website. GWRI intends to disclose future amendments to certain provisions of the Code of Ethics, or waivers of these provisions, on GWRI's website or in filings under the Exchange Act.

Executive Compensation

On completion of the Arrangement, it is expected that the compensation program of GWRI, including its objectives and components as described in “*Annual Meeting Matters - Compensation Discussion and Analysis*”, will remain substantially unchanged. The option plan of GWRC will become an option plan of GWRI, and the PSU Plan of GWRI, the SAR Plan of GWRI and the DPU Plan of GWRI will all remain in place, except that the value of the awards granted thereunder will be determined with reference to the performance of the shares of common stock of GWRI on the NASDAQ instead of the performance of the Common Shares on the TSX. GWRI currently has 43,395 options outstanding (taking into consideration the Stock Split) to acquire shares of common stock of GWRI. These options will remain outstanding on completion of the Arrangement. See “*Compensation Discussion and Analysis — Phantom Stock Unit Plan*”, “*Compensation Discussion and Analysis — Stock Option Plan*” and “*Compensation Discussion and Analysis — Stock Appreciation Rights Plan*”.

Auditors, Transfer Agent and Registrar

On completion of the Arrangement, it is expected that Deloitte & Touche LLP will be the external auditors for GWRI and Continental Stock Transfer & Trust Company will be appointed as the transfer agent and registrar for the shares of common stock of GWRI.

Documents Incorporated By Reference

The following documents filed with the various securities commissions or similar regulatory authorities in all the provinces and territories of Canada are specifically incorporated by reference in and form an integral part of this Circular:

1. GWRC's Annual Information Form dated March 17, 2016; and

2. the financial statements of GWRC and GWRI as of and for the years ended December 31, 2015 and 2014, together with the independent auditor's report thereon, and Management's Discussion and Analysis of Financial Condition and Results of Operation for the years ended December 31, 2015 and 2014.

Any material change report (other than confidential material change reports) and any press release expressly incorporated by reference in this Circular, in each case filed by GWRC with any securities commission or similar regulatory authority in Canada after the date of this Circular and prior to the earlier of the date of the Meeting or the termination of the Arrangement Agreement shall be deemed to be incorporated by reference in this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for the purposes of this Circular, to the extent that a statement contained herein, or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement will not be deemed to be an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

Additional Information

Copies of the documents incorporated by reference, as well as any additional copies of this Circular, are available to anyone, upon request, from Michael J. Liebman, Chief Financial Officer and Corporate Secretary of GWRC, 21410 North 19th Avenue, Suite 220, Phoenix, Arizona, USA, 85027, and without charge to Shareholders.

Financial information for the period ended December 31, 2015 is provided in GWRC's and GWRI's financial statements and the associated management's discussion and analysis.

Information contained in or otherwise accessible through GWRC's website does not form a part of this Circular and is not incorporated by reference into this Circular.

Interested persons may also access disclosure documents and any reports, statements or other information that GWRC files with the Canadian Securities Administrators through the SEDAR website at www.sedar.com.

Statutory Rights

Securities Laws provide shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to shareholders. However, such rights must be exercised within the prescribed time limits. Shareholders should refer to the applicable

provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

Questions and Further Assistance

If you have any questions about the information contained in this Circular or require assistance in completing your proxy form, please contact GWRC's registrar and transfer agent, TMX Equity Transfer Services at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or at 1.866. 393.4891 toll-free or by email at TMXInvestorServices@tmx.com.

Directors' Approval

The Board of Directors has approved the contents and sending of this Circular.

“Richard M. Alexander”

Richard M. Alexander
Director

March 18th, 2016

GLOSSARY OF TERMS

The following glossary of terms used in this Circular, but not including the Notice of Meeting or appendices, is provided for ease of reference:

“10% Shareholder” has the meaning given to it in *“The Arrangement — Certain Canadian Federal Income Tax Considerations”*.

“1933 Act” has the meaning given to it in *“Management Information Circular — Notice to Shareholders in the United States”*.

“AIF” means GWRC’s annual information form for the fiscal year ended December 31, 2015.

“allowable capital loss” has the meaning given to it in *“The Arrangement — Certain Canadian Federal Income Tax Considerations”*.

“Arrangement” means the proposed arrangement under section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of GWRC and GWRI, each acting reasonably.

“Arrangement Agreement” means the arrangement agreement dated January 19, 2016 among GWRC and GWRI, including all schedules and any amendments or restatements thereto made in accordance with such agreement.

“Arrangement Resolution” means the special resolution of the Shareholders approving the Arrangement to be considered at the Meeting, attached as Appendix B to this Circular.

“Audit Committee” has the meaning given to it in *“Annual Meeting Matters — Annual Matters to be Considered at the Meeting”*.

“BCBCA” has the meaning given to it in *“Management Information Circular — Procedure and Votes Required in Connection with the Arrangement”*.

“Beneficial Shareholder” has the meaning given to it in *“Management Information Circular — Introduction”*.

“Board of Directors” has the meaning given to it in *“Management Information Circular — Solicitation of Proxies and Voting Instructions”*.

“Broadridge” has the meaning given to it in *“Management Information Circular — Information for Beneficial Shareholders”*.

“business day” means any day, other than a Saturday, a Sunday or a statutory or civic holiday observed in Toronto, Ontario, Vancouver, British Columbia or Phoenix, Arizona.

“**Canadian Securities Administrators**” means the securities commissions or other similar regulatory authorities in each of the provinces in Canada.

“**CDS**” means CDS Clearing and Depository Services Inc. or its nominee.

“**Certificate of Merger**” means the certificate issued by the Delaware Secretary of State effecting the Merger;

“**Circular**” means this management information circular of GWRC, including the Notice of Meeting and all schedules, appendices and exhibits hereto.

“**Code**” has the meaning given to it in “*The Arrangement — Risk Factors Related to the Arrangement, the Ownership of Shares of Common Stock of GWRI and GWRI and the Industry in Which it Operates*”.

“**Code of Ethics**” has the meaning given to it in “*Information Concerning GWRC and GWRI — Corporate Governance*”.

“**Common Shares**” has the meaning given to it in “*Management Information Circular — Introduction*”.

“**Compensation Committee**” has the meaning given to it in “*Annual Meeting Matters — Annual Matters to be Considered at the Meeting*”.

“**Corporate Governance, Nominating, Environmental and Health and Safety Committee**” has the meaning given to it in “*Annual Meeting Matters — Annual Matters to be Considered at the Meeting*”.

“**Court**” means the Supreme Court of British Columbia.

“**CRA**” has the meaning given to it in “*The Arrangement — Certain Canadian Federal Income Tax Considerations*”.

“**Deemed Taxation Year**” has the meaning given to it in “*The Arrangement — Certain Canadian Federal Income Tax Considerations*”.

“**DGCL**” has the meaning given to it in “*The Arrangement — Effect of the Arrangement*”.

“**Dissent Notice**” means a written objection to the Arrangement Resolution provided by a Dissenting Shareholder in accordance with the Dissent Procedure.

“**Dissent Procedure**” means the procedure under Division 2 of Part 8 of the BCBCA (a copy of which is attached at Appendix G to this Circular), as modified by the Interim Order, the Final Order and the Plan of Arrangement, by which a Dissenting Shareholder must exercise its Dissent Rights.

“Dissent Rights” means the rights of dissent in respect of the Arrangement set out in Division 2 of Part 8 of the BCBCA with modifications to the provisions of Division 2 of Part 8 as provided in the Plan of Arrangement and the Interim Order and the Final Order.

“Dissent Shares” means those Common Shares in respect of which Dissent Rights have validly been exercised and not withdrawn by the registered holders thereof in accordance with the Dissent Procedure.

“Dissenting Shareholders” means Registered Shareholders who have duly exercised their Dissent Rights in strict compliance with the terms of the Dissent Rights and have not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights as of the Effective Time, but only in respect of the Dissent Shares, and **“Dissenting Shareholder”** means any one of them.

“DPU Plans” has the meaning given to it in *“Annual Meeting Matters — Compensation Discussion and Analysis”*.

“DPUs” means deferred phantom units granted pursuant to the deferred phantom stock unit plan of GWRC or GWRI, each dated January 1, 2011.

“Effective Date” means the date upon which the Arrangement and the Merger becomes effective, as set out in Section 2.10(2) of the Arrangement Agreement.

“Effective Time” means the time on the Effective Date that the Certificate of Merger is effective.

“Employment Agreements” has the meaning given to it in *“Annual Meeting Matters — Compensation Discussion and Analysis”*.

“Excluded Persons” has the meaning given to it in *“Special Meeting Matters — Questions and Answers”*.

“FATCA” has the meaning given to it in *“The Arrangement — Certain United States Federal Income Tax Considerations”*.

“Final Order” means the final order of the Court made pursuant to section 291 of the BCBCA, approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.

“Fleming 2013 SARs” has the meaning given to it in *“Annual Meeting Matters — Compensation Discussion and Analysis”*.

“Fleming 2015 SARs” has the meaning given to it in *“Annual Meeting Matters — Compensation Discussion and Analysis”*.

“forward-looking statements” has the meaning given to it in *“Management Information Circular — Cautionary Notice Regarding Forward-Looking Statements and Information”*.

“**Global Water**” has the meaning given to it in “*Annual Meeting Matters — Compensation Discussion and Analysis*”.

“**Governmental Entity**” means (a) any supranational, international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign, (b) any subdivision, agent or authority of any of the foregoing, or (c) any quasi-governmental or private body, including any tribunal, commission, stock exchange, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority.

“**GWM**” has the meaning given to it in “*Special Meeting Matters — Information Concerning GWRC and GWRI*”.

“**GWR**” has the meaning given to it in “*Information Concerning GWRC and GWRP*”.

“**GWRC**” has the meaning given to it in “*Management Information Circular — Introduction*”.

“**GWRI**” means Global Water Resources, Inc., a corporation formed under the laws of the State of Delaware.

“**GWRI Board**” has the meaning given to it in “*Annual Meeting Matters — Annual Matters to be Considered at the Meeting*”.

“**Holder**” has the meaning given to it in “*The Arrangement — Certain Canadian Federal Income Tax Considerations*”.

“**IFRS**” has the meaning given to it in “*Management Information Circular — Cautionary Notice Regarding Forward-Looking Statements and Information*”.

“**Interim Order**” means the interim order of the Court made pursuant to section 291 of the BCBCA in a form acceptable to GWRC and GWRI, each acting reasonably, providing for, among other things, the calling and holding of the Arrangement Meeting, as the same may be amended by the Court, each acting reasonably, a true and current copy of which is attached as Appendix D to this Circular.

“**Intermediary**” means an intermediary with which a Beneficial Shareholder deals with in respect of the Common Shares, including, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans.

“**IRS**” has the meaning given to it in “*The Arrangement — Risk Factors Related to the Arrangement and the Ownership of Shares of Common Stock of GWRP*”.

“**JOBS Act**” has the meaning given to it in “*Special Meeting Matters — Questions and Answers*”.

“**Law**” or “**Laws**” means all supranational, international, multinational, federal, provincial, state, municipal, regional and local laws (including common law), by-laws, statutes, rules, regulations,

principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, codes or other legally-binding requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term “applicable” with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are binding upon or applicable to such Party or its assets.

“**Liebman 2013 SARs**” has the meaning given to it in “*Annual Meeting Matters — Compensation Discussion and Analysis*”.

“**Liebman 2015 SARs**” has the meaning given to it in “*Annual Meeting Matters — Compensation Discussion and Analysis*”.

“**Management Agreement**” has the meaning given to it in “*Annual Meeting Matters — Compensation Discussion and Analysis*”.

“**Meeting**” means the special meeting of Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order, to consider the Arrangement Resolution.

“**Meeting Materials**” has the meaning given to it in “*Management Information Circular — Information for Beneficial Shareholders*”.

“**Merger**” has the meaning given to it in “*Special Meeting Matters — Questions and Answers*”.

“**MI 61-101**” means Multilateral Instrument 61-101 — Protection of Minority Security Holders in Special Transactions.

“**NASDAQ**” has the meaning given to it in “*Special Meeting Matters — Questions and Answers*”.

“**NEOs**” has the meaning given to it in “*Annual Meeting Matters — Compensation Discussion and Analysis*”.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**Non-resident Holder**” has the meaning given to it in “*The Arrangement — Certain Canadian Federal Income Tax Considerations*”.

“**Non-U.S. Holder**” has the meaning given to it in “*The Arrangement — Certain United States Federal Income Tax Considerations*”.

“**Notice of Meeting**” means the Notice of Annual Special Meeting of Shareholders of GWRC dated March 18, 2016.

“**Notice of Petition**” means the Notice of Petition to the Court for the Final Order, a true and correct copy of which is attached as Appendix E to this Circular.

“Option” means an option to purchase one Common Share granted under the stock option plan of GWRC.

“Particular Time” has the meaning given to it in *“The Arrangement — Certain Canadian Federal Income Tax Considerations”*.

“Parties” means GWRC and GWRI, and **“Party”** means any of them.

“person” means any individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, corporation, body corporate, unincorporated organization, joint venture, trustee, executor, administrator, legal representative, Governmental Entity or any other entity, whether or not having legal status.

“PFIC” has the meaning given to it in *“The Arrangement — Risk Factors Related to the Arrangement, the Ownership of Shares of Common Stock of GWRI and GWRI and the Industry in Which it Operates”*.

“Plan of Arrangement” means the plan of arrangement in respect of the Arrangement, a true and correct copy of which is attached as Appendix F to this Circular, and any amendments or variations thereto made in accordance with the Plan of Arrangement or made at the direction of the Court in the Interim Order or the Final Order with the consent of GWRC and GWRI, each acting reasonably.

“PSU Plan” has the meaning given to it in *“Annual Meeting Matters — Compensation Discussion and Analysis”*.

“PSUs” means the phantom stock units granted under the phantom stock unit plan of GWRI, amended and restated effective May 1, 2015.

“Record Date” means, in respect of the Meeting, the close of business on March 9, 2016.

“Registered Shareholder” has the meaning given to it in *“Management Information Circular — Introduction”*.

“Reorganization” has the meaning given to it in *“The Arrangement — Certain United States Federal Income Tax Considerations”*.

“Replacement Option” has the meaning given to it in *“Special Meeting Matters — Questions and Answers”*.

“Replacement SAR” has the meaning given to it in *“Special Meeting Matters — Questions and Answers”*.

“Requisite Approval” means the approval for the Arrangement Resolution by: (i) at least 66 $\frac{2}{3}$ % of the votes cast by Shareholders present in person or represented by proxy at the Meeting; and (ii) at least a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting, excluding the votes cast in respect of the Common Shares held by the Excluded

Persons, each Common Share entitling the holder thereof to one vote on the Arrangement Resolution.

“**Resident Holder**” has the meaning given to it in “*The Arrangement — Certain Canadian Federal Income Tax Considerations*”.

“**Response to Petition**” means the notice which must be filed by any Shareholder who wishes to appear, or to be represented, and to present evidence at the hearing in respect of the Final Order as set out in the Interim Order.

“**SAR Plan**” has the meaning given to it in “*Annual Meeting Matters — Compensation Discussion and Analysis*”.

“**SARs**” means stock appreciation rights granted under the stock appreciation rights plan of GWRI effective as of January 1, 2013, as amended and restated from time to time.

“**Sarbanes-Oxley Act**” has the meaning given to it in “*Special Meeting Matters — Questions and Answers*”.

“**SEC**” has the meaning given it in “*The Arrangement — Approval and Recommendation of the Board of Directors*”.

“**Securities Laws**” means all applicable Canadian and provincial and territorial securities Laws and the rules and regulations and published policies under or relating to the foregoing securities Laws and applicable stock exchange rules of the TSX.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101 — *System for Electronic Document Analysis and Retrieval*.

“**Shareholders**” means the registered or beneficial holders of Common Shares as the context requires.

“**Stock Option Plan**” has the meaning given to it in “*Annual Meeting Matters — Compensation Discussion and Analysis*”.

“**Stock Split**” means the 100.68-for-1 forward stock split with respect to the shares of common stock of GWRI that will be effected prior to the completion of the Arrangement.

“**subsidiary**” or “**subsidiaries**” means, with respect to a specified person, any entity, whether incorporated or unincorporated, in which such person owns, directly or indirectly, a majority of the securities or other ownership interests having by their terms ordinary voting power to elect a majority of the directors or other persons performing similar functions, or the management and policies of which such person otherwise has the power to direct.

“**Tax Act**” has the meaning given to it in “*Special Meeting Matters — Questions and Answers*”.

“**taxable capital gain**” has the meaning given to it in “*The Arrangement — Certain Canadian Federal Income Tax Considerations*”.

“**Transfer Agent**” has the meaning given to it in “*Management Information Circular — Solicitation of Proxies and Voting Instructions*”.

“**Treaty**” has the meaning given to it in “*The Arrangement — Certain Canadian Federal Income Tax Considerations*”.

“**Treasury Regulations**” has the meaning given to it in “*The Arrangement — Certain United States Federal Income Tax Considerations*”.

“**TSX**” means the Toronto Stock Exchange.

“**TWM**” has the meaning given in “*Information Concerning GWRC and GWRI — About GWRI*”.

“**U.S.**” means the United States of America.

“**U.S. IPO**” has the meaning given to it in “*The Arrangement — Approval and Recommendation of the Board of Directors*”.

“**U.S. Exchange Act**” has the meaning given to it in “*Management Information Circular — Notice to Shareholders in the United States*”.

“**U.S. Holder**” has the meaning given to it in “*The Arrangement — Certain United States Federal Income Tax Considerations*”.

“**USRPHC**” has the meaning given to it in “*The Arrangement — Risk Factors Related to the Arrangement, the Ownership of Shares of Common Stock of GWRI and GWRI and the Industry in Which it Operates*”.

APPENDIX A

BOARD CHARTER AND CORPORATE GOVERNANCE GUIDELINES

AS ADOPTED BY THE BOARD OF DIRECTORS

DATED AS OF MARCH 9, 2016

GWR GLOBAL WATER RESOURCES CORP.

The Board Charter and Corporate Governance Guidelines are intended as components of the flexible governance framework within which the Board, assisted by its committees, directs and controls the affairs of the Company. While they should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Notice of Articles and Articles, they are not intended to establish by their own force any legally binding obligation.

1. GENERAL DUTIES AND RESPONSIBILITIES

- 1.1 The Board of Directors (the "Board") of GWR Global Water Resources Corp. (the "Company") is responsible for the oversight, stewardship and the general supervision of the management of the business of the Company and for acting in the best interests of the Company and its stakeholders. In fulfilling its duties, it is the role of the Board to participate in the strategic direction and risk management of the Company in order to promote the long term interests of the Company. In this regard, the Board will seek to:
 - (a) Develop and review management's formulation of the Company's mission, vision and values;
 - (b) Review the risk identification matrixes and monitor management processes for assessing risks; and
 - (c) Review and evaluate the performance of the Board, the implementation of financial objectives, key performance indicators, major capital expenditures and other material transactions for the Company.
- 1.2 Directors are expected at all times to exercise their fiduciary duty to act honestly and in good faith with a view to the best interests of the Company.
- 1.3 Directors must also exercise their duty of care and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 1.4 The Board will discharge its responsibilities directly and through its committees, currently consisting of the Audit and Risk Committee, the Compensation Committee and the Governance, Nominating, Environmental and Health & Safety Committee (collectively referred to herein as the "Committees"). In addition, the Board may, from time to time,

appoint such additional committees as it deems necessary and appropriate in order to discharge its duties. Each Committee shall have its own charter which shall set out a clear mandate and itemise the Committee's responsibilities.

- 1.5 The Board shall meet regularly, but not less than once each quarter, to review the business operations, corporate governance, strategic plan and financial results of the Company.
- 1.6 Meetings of the Board will also include in camera meetings of the independent members of the Board without management being present at each of the Board and Committee meetings.
- 1.7 Directors are expected to attend all meetings of the Board and the Committees upon which they serve, to come to such meetings fully prepared (including full review of all documentation sent prior to the meeting), and to remain in attendance for the duration of the meeting. Attendance by conference call shall constitute attendance at Board and Committee meetings. Attendance will be recorded and disclosed on an annual basis. Where a director's absence from a meeting is unavoidable, the director should, as soon as practicable after the meeting, contact the Chairman, the Chief Executive Officer or the Chief Financial Officer for a briefing on the substantive elements of the meeting.

2. COMPOSITION

- 2.1 The Board shall be constituted at all times of a majority of "independent directors" within the meaning of National Policy 58-201 - *Corporate Governance Guideline of Canada* ("NP 58-201").
- 2.2 In addition to applying the independence criteria referred to in NP 58-201, a director shall be deemed not to be an "Independent Director" if any of the following criteria apply:
 - (a) The director has been an employee of the Company within the last five years;
 - (b) The director is related to any member of the management team or former members of management;
 - (c) The director works for a company that has been hired to provide products or services to the Company, including, for example, lawyers, accountants, consultants, suppliers or investment bankers; and
 - (d) The director has any other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company, other than interests and relationships arising from shareholdings.
- 2.3 The Committees shall be made up entirely of independent directors. In this regard, the Committee Chair shall confirm the independence of directors at each Committee meeting and provide in the minutes of the meeting the reasons for determining such independence.
- 2.4 The role of Chief Executive Officer and Chairman of the Board shall be split.

3. RESPONSIBILITIES

The Board's mandate is the stewardship of the Company. In order to execute this mandate, the Board has the power to delegate such functions as it deems necessary to the Committees. In this regard, the Board has assigned the following activities:

3.1 With the assistance of the Corporate Governance, Nominating, and Health & Safety Committee:

- (a) Reviewing the current composition of the Board and establishing a directors' skills matrix that identifies the skills and abilities of the current directors with a view to identifying areas of potential weakness given the strategic plans of the Company.
- (b) Satisfying itself as to the integrity of the Chief Executive Officer ("CEO") and other senior officers of the Company and that such officers create a culture of integrity throughout the organization.
- (c) Developing and implementing a detailed process for CEO succession and the succession planning for the most senior management team. Such succession plans are to include planned and timely succession of the CEO and/or the senior management, as well as emergency succession.
- (d) Creating a system of formal Board evaluation and formal individual director evaluation, including peer reviews and assessing, at least annually, the effectiveness of the Board as a whole, the Board Committees and the contribution of individual directors, including, consideration of the appropriate size of the Board.
- (e) Ensuring that, with a view to the strategic plan and the current directors' skills matrix, an appropriate selection process for new nominees to the Board is in place.
- (f) Ensuring that, with a view to the strategic plan and the directors' skills matrix, there is appropriate orientation, education and training programs for new and existing directors. Such training shall consist of, inter alia; education events offered to the entire Board, site visits to Company facilities, special briefing sessions or targeted training courses offered to some or all of the directors.
- (g) Developing a reporting system to identify health and safety issues, track key performance indicators for improvement of health and safety within the Company and monitoring the process of penalising failures. The duties of the Board as discharged by this Committee include quarterly reviews of health and safety policies, an awareness of the importance of health and safety and a corporate culture of environmental responsibility.

3.2 With the assistance of the Audit and Risk Committee:

- (a) Preparing a written charter for the Audit and Risk Committee with a clear mandate and responsibilities and ensuring that each member of the Audit and Risk Committee has the minimum required level of financial literacy.
 - (b) Reviewing financial statements, Management Discussion and Analysis, annual and interim earnings, and press releases before public disclosure.
 - (c) Ensuring the integrity of the Company's internal controls and management information systems.
 - (d) Ensure the Company's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Company's own governing documents.
 - (e) Determine the Company's appetite for risk and specifically identifying the principal risks of the Company's business, including environmental risks, and ensuring that appropriate systems are in place to manage these risks.
 - (f) Reviewing and approving significant operational and financial matters and the provision of direction to management on these matters.
 - (g) Recommending to the Board of Directors the external auditor and auditor's compensation.
 - (h) Overseeing the work of the external auditor including the pre-approval of all non-audit services and the resolution of disagreements between management and the auditors about financial reporting.
- 3.3 With the assistance of the Compensation Committee, the Chairman and the Chief Executive Officer, approving the key performance criteria, including the goals and objectives, that underpin the compensation of the senior management team, given the strategic plans of the Company.
- 3.4 The adoption of a strategic planning process, and approval, at least annually, of the strategic plan prepared by management, that takes into account business opportunities and business risks identified by the Board, the Audit and Risk Committee and the Corporate Governance, Nominating, and Health & Safety Committee and monitoring performance against such plans.
- 3.5 Reviewing with senior management, all material transactions and such other major corporate matters which require Board approval. Such major corporate matters include, *inter alia*, the payment of dividends, the issue, purchase and redemption of securities, acquisitions and dispositions of material assets and material capital expenditures and approving such decisions as they arise.
- 3.6 Performing such other functions as prescribed by law or assigned to the Board in the Company's organizational documents and by-laws.

- 3.7 Developing, in conjunction with the Corporate Governance, Nominating, and Health & Safety Committee, with the assistance of the CEO and Chief Financial Officer and other company officer responsible, approving and revising from time to time, as circumstances warrant, a corporate disclosure and communications policy to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and communities in which the business of the Company is conducted.
- 3.8 Establish measures for receiving feedback from, and communication with, the Company's investors and security holders.

4. SHAREHOLDER ISSUES

- 4.1 The Board will be responsible, through the Compensation Committee, to monitor the register of shareholdings for directors and senior management with a view to establishing:
- (a) The directors to the Board are receiving half of their total compensation in shares, phantom shares or deferred stock units, until such time as they hold 3x their annual retainers in such equity instruments;
 - (b) An increase in share ownership by directors over time;
 - (c) The percentage of shares owned by the CEO and the Chair and that appropriate hold periods are put in place to ensure a performance "tail" to the CEO's effectiveness; and
 - (d) An effective vesting period for shares awarded to directors or senior management that motivates behaviours consistent with the strategic plans.

APPENDIX B

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (“**BCBCA**”) involving GWR Global Water Resources Corp., a corporation existing under the laws of British Columbia (the “**Company**”), all as more particularly described and set forth in the Management Proxy Circular (the “**Circular**”) of the Company dated March 18, 2016 (as the Arrangement may be, or may have been, modified or amended in accordance with its terms) is hereby authorized, approved and adopted.
2. The plan of arrangement (the “**Plan of Arrangement**”), involving the Company and implementing the Arrangement, the full text of which is set out in Appendix F of the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms or the Arrangement Agreement (as defined in the following paragraph)), is hereby authorized, approved and adopted.
3. The arrangement agreement (the “**Arrangement Agreement**”) between the Company and Global Water Resources, Inc. dated January 19, 2016, and all the transactions contemplated therein, including, without limitation, the Merger (as such term is defined in the Arrangement Agreement), the Arrangement and the Plan of Arrangement, the actions of the directors of the Company in approving the Arrangement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and causing the performance by the Company of its obligations thereunder and any amendments thereto are hereby confirmed, ratified, authorized and approved (including without limitation, for the purposes of Section 148 and 149 of the BCBCA).
4. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered, without further notice to, or approval of, the shareholders of the Company: (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or (ii) subject to the terms of the Arrangement Agreement, to abandon and not proceed with the Arrangement or the Merger and to revoke this resolution at any time prior to the Effective Time (as defined in the Arrangement Agreement).

APPENDIX C

FORM OF CERTIFICATE OF INCORPORATION AND BY-LAWS

**SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
GLOBAL WATER RESOURCES, INC.**

Pursuant to Sections 242 and 245 of
the General Corporation Law of the State of Delaware

GLOBAL WATER RESOURCES, INC., a Delaware corporation (the "Corporation"),
does hereby certify that:

FIRST: The name of this Corporation is **Global Water Resources, Inc.**

SECOND: The Corporation was originally incorporated pursuant to the General Corporation Law of the State of Delaware (the "DGCL") on May 2, 2008.

THIRD: The Corporation's Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on October 21, 2010.

FOURTH: This Second Amended and Restated Certificate of Incorporation (the "Certificate") amends, restates and integrates the provisions of the Amended and Restated Certificate of Incorporation, as amended, and has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL.

FIFTH: This Certificate shall become effective on _____ at _____.

SIXTH: Upon the filing with the Secretary of State of the State of Delaware of this Certificate, the Certificate of Incorporation shall be amended and restated in its entirety to be and read as set forth on Exhibit A attached hereto.

IN WITNESS WHEREOF, this Second Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this ____ day of _____, 2016.

GLOBAL WATER RESOURCES INC.

By: _____
Name: Ron L. Fleming
Title: President

EXHIBIT A

ARTICLE ONE

Name

The name of the Corporation is Global Water Resources, Inc. (hereinafter the "Corporation").

ARTICLE TWO

Registered Office and Agent

The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE THREE

Purpose

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE FOUR

Authorized Stock

1. Total Authorized. The total number of shares of all classes of capital stock that the Corporation has authority to issue is 65,000,000 shares, consisting of 60,000,000 shares of common stock, par value \$0.01 per share ("Common Stock"), and 5,000,000 shares of preferred stock, par value \$0.01 per share ("Preferred Stock"). The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, without a separate vote of the holders of the Preferred Stock or any series thereof (unless a vote of any such holders is required pursuant to the terms of any Certificate of Designation designating a series of Preferred Stock), irrespective of the provisions of Section 242(b)(2) of the DGCL.

2. Blank-Check Preferred Stock. The Board of Directors is hereby expressly authorized to provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

ARTICLE FIVE
Election of Directors

Unless and except to the extent that the bylaws of the Corporation (the “Bylaws”) shall so require, the election of directors of the Corporation need not be by written ballot.

ARTICLE SIX
Limitation of Liability

To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or to its stockholders for monetary damages for any breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the DGCL is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. No amendment to, modification of or repeal of this Article Six shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

ARTICLE SEVEN
Indemnification

The Corporation shall indemnify, advance expenses, and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a “Covered Person”) who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys’ fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except for claims for indemnification (following the final disposition of such Proceeding) or advancement of expenses not paid in full, the Corporation shall be required to indemnify a Covered Person in connection with a Proceeding (or part thereof) commenced by such Covered Person only if the commencement of such Proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors of the Corporation. Any amendment, repeal or modification of this Article Seven shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE EIGHT
Amendment of Bylaws

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the Bylaws or adopt new Bylaws without any action on the part of the stockholders; provided that any Bylaw adopted or amended by the Board of Directors, and any powers thereby conferred, may be amended, altered or repealed

by the affirmative vote of stockholders holding at least two-thirds of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class (in addition to any other vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Certificate of Incorporation, including but not limited to the terms of any Preferred Stock issued pursuant to a Certificate of Designation).

ARTICLE NINE

Matters Relating to Stockholders

1. Special Meetings of Stockholders. Subject to the rights of the holders of any series of Preferred Stock with respect to actions by the holders of shares of such series, special meetings of the stockholders of the Corporation may be called only by the Board of Directors, the Chairperson of the Board, the Chief Executive Officer, or the President (in the absence of a Chief Executive Officer), and may not be called by any other person or persons. Business transacted at special meetings of stockholders shall be confined to the purpose or purposes stated in the notice of meeting.

2. Advance Notice of Stockholder Nominations. Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws.

ARTICLE TEN

Forum Selection

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Corporation, (2) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (3) any action asserting a claim arising pursuant to any provision of the DGCL, the Certificate of Incorporation or the Bylaws, (4) any action to interpret, apply, enforce or determine the validity of the Corporation's Certificate of Incorporation or Bylaws, or (5) any action asserting a claim governed by the internal affairs doctrine, in each case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article Ten.

ARTICLE ELEVEN

Amendment of Certificate of Incorporation

The Corporation shall have the right, subject to any express provisions or restrictions contained in the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") or the Bylaws, from time to time, to amend, alter or repeal any provision of the Certificate of Incorporation in any manner now or hereafter provided by law, and all rights and powers of any kind conferred upon a director or stockholder of the Corporation by the Certificate of Incorporation

or any amendment thereof are conferred subject to such right; provided, however, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of applicable law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the capital stock of this Corporation required by applicable law or by this Certificate of Incorporation (including but not limited to the terms of any Preferred Stock issued pursuant to a Certificate of Designation), any amendment to or repeal of this Article Eleven or Articles Six, Seven, Eight, Nine or Ten of this Certificate of Incorporation (or the adoption of any provision inconsistent therewith) shall require the affirmative vote of the holders of at least two-thirds of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

**AMENDED AND RESTATED BYLAWS
OF
GLOBAL WATER RESOURCES, INC.**

**ARTICLE I
Meetings of Stockholders**

Section 1.1. Annual Meetings. If required by applicable law, an annual meeting of stockholders shall be held for the election of directors at such date, time and place, if any, either within or without the State of Delaware, or by means of remote communication, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

Section 1.2. Special Meetings. Unless otherwise provided by the Certificate of Incorporation, special meetings of the stockholders of the corporation for any purpose or purposes may be called only by the Board of Directors, the Chairperson of the Board, the Chief Executive Officer, or the President (in the absence of a Chief Executive Officer), and may not be called by any other person or persons. Any special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication, as the Board of Directors in its sole discretion may determine. Business transacted at special meetings of stockholders shall be confined to the purpose or purposes stated in the notice of meeting.

Section 1.3. Notice of Meetings. Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by applicable law (including, without limitation, as set forth in Section 7.4 of these Bylaws) stating the place, if any, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation, such notice shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting as of the record date for determining stockholders entitled to notice of the meeting.

Section 1.4. Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and the means of remote communications (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. To the fullest extent permitted by law, the Board of Directors may postpone, reschedule or cancel any previously scheduled annual or special meeting of stockholders.

Section 1.5. Quorum. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of one-third of the voting power of the outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, the chairperson of the meeting may adjourn the meeting without notice other than announcement at the meeting, until such quorum shall be present or represented by proxy. Shares of its own stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; *provided, however*, that the foregoing shall not limit the right of the corporation or any subsidiary of the corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity (or to count such shares for purposes of determining a quorum).

Section 1.6. Organization. Meetings of stockholders shall be presided over by such person as the Board of Directors may designate or, in the absence of such a person, the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in his or her absence by the President, if any, or in his or her absence, such person as may be chosen by the holders of a majority of the voting power of the shares entitled to vote who are present, in person or by proxy, at the meeting. Such person shall be chairperson of the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7. Voting; Proxies. Except as otherwise provided by or pursuant to the provisions of the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot. Except as otherwise provided by the Certificate of Incorporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. All other elections and questions presented to the stockholders at a meeting at which a quorum is present shall, unless otherwise provided by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the corporation, or applicable law or pursuant to any regulation applicable to the corporation or its securities, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the corporation which are present in person or by proxy and entitled to vote thereon.

Section 1.8. Fixing Date for Determination of Stockholders of Record.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting; (2) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten (10) days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (3) in the case of any other action, shall not be more than sixty (60) days prior to such other action.

(b) If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice of the meeting is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (3) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.9. List of Stockholders Entitled to Vote. The officer who has charge of the corporation's stock ledger shall prepare and make, or cause to be prepared and made, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business hours at the principal executive offices of the corporation. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the

examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.9 or to vote in person or by proxy at any meeting of stockholders.

Section 1.10. Action By Written Consent of Stockholders. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the State of Delaware, its principal executive offices, or an officer or agent of the corporation having custody of the book in which minutes of proceedings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall, to the extent required by law, be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the corporation. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days after the earliest dated written consent received in accordance with this Section 1.10, a valid written consent or valid written consents signed by a sufficient number of stockholders to take such action are delivered to the corporation in the manner prescribed in this Section 1.10 and applicable law, and not revoked.

Section 1.11. Inspectors of Election.

(a) Unless otherwise required by the Certificate of Incorporation or by the General Corporation Law of the State of Delaware (the "DGCL"), the following provisions of this Section 1.11 shall apply only if and when the corporation has a class of voting stock that is: (i) listed on a national securities exchange; (ii) authorized for quotation on an interdealer quotation system of a registered national securities association; or (iii) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.11 shall be optional, and at the discretion of the Board.

(b) The corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. No person who is a candidate for an office at an election may serve as an inspector at such election.

(c) Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability.

(d) At a meeting of stockholders, the inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law. The inspector(s) may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspector(s).

(e) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspector(s) after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by a stockholder shall determine otherwise.

(f) In determining the validity and counting of proxies and ballots, the inspector(s) shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Section 211(e) or Section 212(c)(2) of the DGCL, or any information provided pursuant to Section 211(a)(2)b.(i) or (iii) of the DGCL, ballots and the regular books and records of the corporation, except that the inspector(s) may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspector(s) consider other reliable information for the limited purpose permitted under the DGCL and set forth herein, the inspector(s) at the time they make their certification of their determinations pursuant to the relevant provisions of the DGCL set forth herein shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.12. Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairperson presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairperson presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for

the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.13. Notice of Stockholder Business; Nominations.

(a) *Annual Meeting of Stockholders.*

(i) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (A) pursuant to the corporation's notice of such meeting (or any supplement thereto), (B) by or at the direction of the Board or any committee thereof or (C) by any stockholder of the corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.13, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.13.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.13(a)(i):

(A) the stockholder must have given timely notice thereof in writing to the Secretary of the corporation;

(B) any such proposed business (other than the nomination of persons for election to the Board) must constitute a proper matter for stockholder action;

(C) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the corporation with a Solicitation Notice, as that term is defined in this Section 1.13(a), such stockholder or beneficial owner must, in the case of a proposal other than the nomination of persons for election to the Board, have delivered a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the corporation's voting shares reasonably believed by such stockholder or beneficial holder to be

sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(D) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 1.13(a), the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 1.13(a).

To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting (which anniversary date, in the case of the first annual meeting following the closing of the corporation's initial public offering, shall be deemed to be April 25, 2016); provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder to be timely must be so delivered (A) no earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and (B) no later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which Public Announcement of the date of such meeting is first made by the corporation. In no event shall the Public Announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth:

(x) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) all information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors, or would be otherwise required, in each case pursuant to and in accordance with Section 14(a) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, and (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected;

(y) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made;

(z) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and/or such beneficial owner, any of their respective affiliates or associates, and any

others acting in concert with any of the foregoing, including, in the case of a nomination, the nominee, (iv) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and any such beneficial owner, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to securities of the corporation, (v) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (vi) a representation whether such stockholder or beneficial owner intends (or is part of a group that intends) to deliver a proxy statement and/or form of proxy to holders of, in the case of a proposal, at least the percentage of the corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent being a "Solicitation Notice"), and (vii) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

The foregoing notice requirements of this Section 1.13(a)(ii) shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the corporation of his, her or its intention to present a proposal at an annual meeting in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the corporation to solicit proxies for such annual meeting. The corporation may require any proposed nominee to furnish such other information as the corporation may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the corporation.

(iii) Notwithstanding anything in the second sentence of Section 1.13(a)(ii) to the contrary, in the event that the number of directors to be elected to the Board is increased effective after the time period for which nominations would otherwise be due under Section 1.13(a)(ii) and there is no Public Announcement by the corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.13 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary of the corporation at the principal executive office of the corporation no later than the close of business on the tenth (10th) day following the day on which such Public Announcement is first made by the corporation.

(b) *Special Meetings of Stockholders.* Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the

corporation's notice of such meeting (i) by or at the direction of the Board or any committee thereof or (ii) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.13. In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder entitled to vote in the election of such directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice required by Section 1.13(a)(ii) is delivered to the Secretary of the corporation at the principal executive offices of the corporation (y) no earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and (z) no later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the Public Announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) *General.*

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.13 shall be eligible to be elected at a meeting of stockholders and to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.13. Except as otherwise provided by law, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.13 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made or solicited (or is part of a group that solicited) or did not so solicit, as the case may be, proxies or votes in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by Section 1.13(a)(ii) and, if any proposed nomination or business was not made or proposed in compliance with this Section 1.13, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 1.13, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the corporation. For purposes of this Section 1.13(c), to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(ii) For purposes of this Section 1.13, the term “Public Announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 1.13, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein; provided however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 1.13, and compliance with the requirements under this Section 1.13 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the penultimate sentence of Section 1.13(a)(ii), business other than nominations brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 1.13 shall be deemed to affect any rights of (A) stockholders to request inclusion of proposals in the corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (B) the holders of any series of Preferred Stock to elect directors elected by one or more series of Preferred Stock pursuant to any applicable provisions of the Certificate of Incorporation.

ARTICLE II

Board of Directors

Section 2.1. Powers. The business and affairs of the corporation shall be carried on by or under the direction of the Board of Directors, which shall have all the powers authorized by the laws of the State of Delaware, subject to such limitations as may be provided by the Certificate of Incorporation or these Bylaws.

Section 2.2. Number; Qualifications. Unless otherwise provided in the Certificate of Incorporation, the Board of Directors shall consist of at least three (3) members, with the number thereof to be determined from time to time by resolution of the Board of Directors. No decrease in the authorized number of directors constituting the full Board shall shorten the term of any incumbent director. Directors need not be stockholders of the corporation.

Section 2.3. Election; Resignation; Vacancies. Directors shall be elected for such terms and in the manner provided by the Certificate of Incorporation and applicable law. Each director shall hold office until such director’s successor is duly elected and qualified, or until such director’s earlier death, resignation or removal. Any director may resign at any time upon written notice to the corporation. Except as otherwise provided by the Certificate of Incorporation or by applicable law, any vacancy in the Board resulting from the death, resignation, removal or disqualification of any director or for any other reason, and any newly created directorship resulting from any increase in the authorized number of directors to be elected by all stockholders entitled to vote generally in the election of directors, may be filled by the stockholders, by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

Section 2.4. Removal. Any director may be removed by action taken at a meeting of the stockholders; provided, that the vacancy created by this removal shall be filled at the same stockholders' meeting.

Section 2.5. Regular Meetings. Regular meetings of the Board may be held at such place, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

Section 2.6. Special Meetings. Special meetings of the Board may be called by the Chairperson of the Board, the President or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given orally (in person, by telephone or otherwise), in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting (if the notice is mailed) or at least twenty-four (24) hours before the meeting (if such notice is given orally, in person, by telephone or otherwise, or by hand delivery, facsimile, or other means of electronic transmission, including electronic mail). Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.7. Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can speak to and hear each other, and participation in a meeting pursuant to this Bylaw shall constitute presence in person at such meeting.

Section 2.8. Quorum; Vote Required for Action. At all meetings of the Board of Directors the directors entitled to cast a majority of the votes of the whole Board of Directors shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time without further notice thereof. Except in cases in which the Certificate of Incorporation, these Bylaws or applicable law otherwise provides, a majority of the votes entitled to be cast by the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.9. Organization. Meetings of the Board of Directors shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in his or her absence by the President, or in their absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.10. Action by Unanimous Consent of Directors. Any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee, respectively, in the minute books of the corporation. Such filing shall be in paper form if the

minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.11. Compensation. The Board of Directors, or a committee thereof, may from time to time by resolution authorize the payment of fees or other compensation to the directors for services as such to the corporation, including, but not limited to, fees for attendance at all meetings of the Board of Directors or any committee thereof, and determine the amount of such fees and compensation. Directors shall in any event be paid their reasonable traveling expenses for attendance at all meetings of the Board or any committee thereof. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor in amounts authorized or otherwise approved from time to time by the Board or any committee thereof.

Section 2.12. Board Policies. The Board of Directors may from time to time establish such policies for the Board and the corporation as the Board of Directors may consider appropriate for the exercise of effective oversight of the corporation's business and affairs by the Board of Directors.

ARTICLE III

Committees

Section 3.1. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the corporation. Each committee shall operate pursuant to a charter approved by the Board of Directors.

Section 3.2. Committee Rules; Minutes. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws. Each committee shall cause minutes of its proceedings to be prepared and shall report the same to the Board of Directors upon the request of the Board of Directors. The minutes of the proceedings of each committee shall be delivered to the Secretary of the corporation for placement in the minute books of the corporation.

ARTICLE IV

Officers

Section 4.1. Officers; Election; Qualifications; Term of Office; Resignation; Removal; Vacancies. The Board of Directors shall elect a President and Secretary, and it may, if it so determines, choose a Chairperson of the Board and a Vice Chairperson of the Board from among its members. The Board of Directors may also choose a Chief Executive Officer, a Chief Financial Officer, a Chief Operating Officer, one or more Vice Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers and such other officers as it shall from time to time deem necessary or desirable. All officers shall be elected by the Board; provided, however, that the Board may empower the Chief Executive Officer of the corporation to appoint any officer other than the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Each officer shall hold office until such person's successor is appointed or until such person's earlier resignation, death or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to the corporation. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise may be filled by the Board or, if the vacancy is of an office that the Chief Executive Officer has been empowered to appoint, the Chief Executive Officer.

Section 4.2. Powers and Duties of Officers. Subject to the control of the Board of Directors, the officers of the corporation shall manage the day-to-day operations of the corporation and shall have such powers and duties in the management of the corporation as may be prescribed in a resolution by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

Section 4.3. Chief Executive Officer. Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the corporation are:

(a) subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the corporation;

(b) subject to Article I, Section 1.6 of these Bylaws, to preside at all meetings of the stockholders;

(c) subject to the Certificate of Incorporation and Article I, Section 1.2 of these Bylaws, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and

(d) to affix the signature of the corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the corporation; and, subject to the direction of the Board, to have general charge of the property of the corporation and to supervise and control all officers, agents and employees of the corporation.

The person holding the office of President shall be the Chief Executive Officer of the corporation unless the Board shall have designated another person to be the Chief Executive Officer. If there is no President, and the Board has not designated any other person to be the Chief Executive Officer, then the Chairperson of the Board shall be the Chief Executive Officer until such time as a Chief Executive Officer or President shall have been appointed.

Section 4.4. President. The person holding the office of Chief Executive Officer shall be the President of the corporation unless the Board shall have designated one person as the President and a different person as the Chief Executive Officer of the corporation. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the offices of Chief Executive Officer and President are not then held by the same person), the President shall have the responsibility for the general management and control of the business and affairs of the corporation and the general supervision and direction of all of the officers, employees and agents of the corporation (other than the Chief Executive Officer, if the offices of Chief Executive Officer and President are not then held by the same person) and shall perform all duties and have all powers that are commonly incident to the office of President, including the power to sign certificates representing shares of capital stock of the corporation, or that are delegated to the President by the Board or the Chief Executive Officer (if such office is then held by a person other than the person holding the office of President).

Section 4.5. Chief Financial Officer. The person holding the office of Chief Financial Officer shall be the Treasurer of the corporation unless the Board shall have designated another officer as the Treasurer of the corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer.

Section 4.6. Chief Operating Officer. The Chief Operating Officer shall have all such powers and duties as are commonly incident to the office of Chief Operating Officer or that are delegated to him or her by the Board or the Chief Executive Officer. The Chief Operating Officer may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer or President in the event of the Chief Executive Officer's and President's absence or disability.

Section 4.7. Treasurer. The Treasurer shall have custody of all moneys and securities of the corporation. The Treasurer shall make such disbursements of the funds of the corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, including the power to sign certificates representing shares of capital stock of the corporation, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.8. Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, including the power to sign certificates representing shares of capital stock of the corporation, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.9. Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer of the corporation to any other officers or agents of the corporation, notwithstanding any provision hereof.

Section 4.10. Removal. Any officer of the corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; provided that if the Board has empowered the Chief Executive Officer to appoint any officer of the corporation, then any such officer may be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the corporation.

Section 4.11. Appointing Attorneys and Agents; Voting Securities of Other Entities. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairperson of the Board, the President or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the corporation, in the name and on behalf of the corporation, to cast the votes which the corporation may be entitled to cast as the holder of stock or other securities in any other corporation or other entity, any of whose stock or other securities may be held by the corporation, at meetings of the holders of the stock or other securities of such other corporation or other entity, or to consent in writing, in the name of the corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consents, and may execute or cause to be executed in the name and on behalf of the corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper. Any of the rights set forth in this Section 4.11 which may be delegated to an attorney or agent may also be exercised directly by the Chairperson of the Board, the President or the Vice President.

Section 4.12. Compensation. The compensation of the officers of the corporation shall be fixed by the Board of Directors or a committee thereof, and the fact that any officer is a director shall not preclude him or her from receiving compensation or from voting upon the resolution providing the same.

ARTICLE V

Stock

Section 5.1. Certificates. The shares of capital stock of the corporation shall be represented by certificates; provided, however, that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its capital stock may be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the corporation by, the Chairperson or Vice Chairperson of the Board, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the corporation, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2. Transfer of Stock. Stock of the corporation shall be transferable in the manner prescribed by law, the Certificate of Incorporation and in these Bylaws. Transfers of shares shall be made upon the transfer books of the corporation, kept at the office of the transfer agent designated to transfer the shares, only upon direction of the person named in the certificate if such certificate exists, or, in the case of uncertificated shares, only upon direction of the person named on the transfer agent's records, or in either case by an attorney lawfully constituted in writing.

Section 5.3. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The corporation may issue a new certificate of stock, or uncertificated shares, in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

ARTICLE VI

Indemnification and Advancement of Expenses

Section 6.1. Right to Indemnification. The corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the corporation or, while a director or officer of the corporation, is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith, provided such Covered Person acted in good faith and in a manner that the Covered Person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the Covered Person's conduct was unlawful. Such indemnification shall continue as to a Covered Person who has ceased to be a director or officer of the corporation and shall inure to the benefit of such Covered Person's heirs, executors and administrators. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.3 of these Bylaws, the corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors of the corporation.

Section 6.2. Prepayment of Expenses. The corporation shall to the fullest extent not prohibited by applicable law pay the reasonable expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition; provided, however, that, (a) to the extent required by law, such payment of expenses in advance of the final

disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VI or otherwise, and (b) the corporation shall not be required to advance any expenses to a person against whom the corporation directly brings a claim alleging that such person has breached such person's duty of loyalty to the corporation, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

Section 6.3. Claims.

(a) If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Article VI is not paid in full within thirty (30) days after a written claim therefor by the Covered Person has been received by the corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action the corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

(b) Neither the failure of the corporation (whether by its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Covered Person is proper in the circumstances because the Covered Person has met the standard of conduct for entitled to indemnification under applicable law, nor an actual determination by the corporation (whether by its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the Covered Person has not met such standard of conduct, shall create a presumption that the Covered Person has not met such standard of conduct or, in the case of such a suit brought by the Covered Person, be a defense to such suit.

(c) In any suit brought by the Covered Person to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking provided hereunder, the burden of proving that the Covered Person is not entitled to be indemnified, or is required to repay any amounts advanced pursuant to the terms of such undertaking, under this Article VI shall be on the corporation.

Section 6.4. Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article VI and the limitations upon such rights, shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Additionally, nothing in this Article VI shall limit the ability of the corporation, in its discretion but subject to applicable law, to provide rights to indemnification or advancement of expenses to any person other than a Covered Person or to provide greater rights to indemnification and advancement of expenses than those provided in this Article VI to any Covered Person.

Section 6.5. Other Sources. The corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer,

employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

Section 6.6. Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

Section 6.7. Nature of Rights; Amendments. The rights conferred upon Covered Persons in this Article VI shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be a director or officer of the corporation and shall inure to the benefit of the Covered Person's heirs, executors and administrators. Any right to indemnification or to advancement of expenses arising under this Article VI shall not be eliminated or impaired by an amendment to these Bylaws after the occurrence of the act or omission that is the subject of the proceeding for which indemnification or advancement of expenses is sought.

Section 6.8. Other Indemnification and Prepayment of Expenses. This Article VI shall not limit the right of the corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action. Without limiting the generality of the foregoing, the Board is authorized to cause the corporation to enter into agreements with any director, officer, employee or agent of the corporation, or any person serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

ARTICLE VII

Miscellaneous

Section 7.1. Bank Deposit, Checks, Etc. The funds of the corporation shall be deposited in the name of the corporation or of any division thereof in such banks or trust companies in the United States or elsewhere as may be designated from time to time by the Board of Directors or any committee designated by the Board of Directors, or by such officer or officers as the Board of Directors or any committee designated by the Board of Directors may authorize to make such designations. All checks, drafts or other orders for the withdrawal of funds from any bank account shall be signed by such person or persons as may be designated from time to time by the Board of Directors. The signatures on checks, drafts or other orders for the withdrawal of funds may be in facsimile if authorized in the designation.

Section 7.2. Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

Section 7.3. Seal. The Board may provide for a corporate seal, which may have the name of the corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

Section 7.4. Manner of Notice.

(a) Except as otherwise specifically required in these Bylaws (including, without limitation, Section 2.4 above or Section 7.4(b) below) or by applicable law, all notices required to be given pursuant to these Bylaws shall be in writing and may (i) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid overnight express courier, facsimile, electronic mail or other form of electronic transmission and (ii) be effectively be delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 7.4(b) of this Article VII, by sending such notice by electronic transmission. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the corporation. Except as otherwise provided by law, the notice shall be deemed given (1) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (2) in the case of delivery by mail, upon deposit in the mail, postage prepaid, (3) in the case of delivery by overnight express courier, when dispatched, and (4) in the case of delivery via electronic mail or other form of electronic transmission, when dispatched.

(b) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the corporation under any provision of the DGCL, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given in accordance with Section 232 of the DGCL. Any such consent shall be revocable by the stockholder by written notice to the corporation. Any such consent shall be deemed revoked if (i) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or an Assistant Secretary of the corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.4(b) shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder.

(c) An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.5. Waiver of Notice of Meetings of Stockholders, Directors and Committees. Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

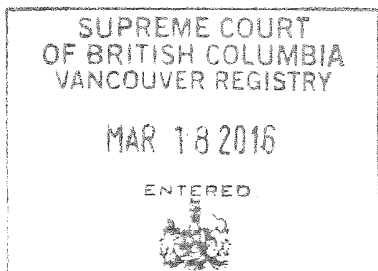
Section 7.6. Form of Records. Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 7.7. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any, regular or special meeting or by any Committee of the Board of Directors having such authority at any meeting thereof, and may be paid in cash, in property, in shares of the capital stock or in any combination thereof. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 7.8. Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall, to the fullest extent permitted by law, be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

Section 7.9. Amendment of Bylaws. These Bylaws may be altered, amended or repealed, and new Bylaws made, by the Board of Directors, but the stockholders may make additional Bylaws and may alter and repeal any Bylaws whether adopted by them or otherwise in accordance with the Certificate of Incorporation.

APPENDIX D
INTERIM ORDER



NO. S-162463
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTIONS 288 AND 291 OF THE *BUSINESS CORPORATIONS ACT*
(BRITISH COLUMBIA), SBC 2002, c 57, AND AMENDMENTS THERETO

AND

IN THE MATTER OF THE PROPOSED ARRANGEMENT INVOLVING
GWR GLOBAL WATER RESOURCES CORP.

GWR GLOBAL WATER RESOURCES CORP.

PETITIONER

**ORDER MADE AFTER APPLICATION
(INTERIM ORDER)**

BEFORE MASTER SCARTH

FRIDAY, THE 18TH DAY OF MARCH,
2016.

THIS WITHOUT NOTICE APPLICATION of the Petitioner, GWR Global Water Resources Corp. ("GWRC"), for an order made after application (the "Interim Order") coming on for hearing at Vancouver, British Columbia on Friday, the 18th day of March, 2016, AND ON HEARING Kinji C. Bouchier, counsel for GWRC, AND UPON READING the Petition herein and the Affidavit of Ron L. Fleming sworn March 15, 2016 (the "Fleming Affidavit") and filed herein;

THIS COURT ORDERS THAT:

Definitions

1. As used in this Interim Order, unless otherwise defined, all capitalized terms shall have the respective meanings ascribed to them in the draft Management Information Circular (the "Circular") attached as Exhibit "A" to the Fleming Affidavit.

The Meeting

2. GWRC is authorized to call, hold and conduct an annual and special meeting of the holders (“Shareholders”) of the common shares of GWRC (the “Common Shares”) on April 25, 2016 at 9:00 a.m. E.S.T. (the “Meeting”) for the Shareholders to consider matters relating to GWRC’s usual annual business and consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution in the form attached as Appendix B to the Circular, approving the Arrangement and to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof. The Plan of Arrangement is attached as Appendix F to the Circular.

3. The Meeting shall be called, held and conducted in accordance with the notice of the Meeting, the Circular, the *Business Corporations Act* (British Columbia), S.B.C. 2002 c. 57, and amendments thereto (the “BCBCA”) and the notice of articles and articles of GWRC (the “Constituting Documents”), subject to the terms of this Interim Order or any further order of this Court, and the rulings and directions of the Chairman of the Board of Directors, such rulings and directions not to be inconsistent with this Interim Order.

4. The Chairman of the Board of Directors is Mr. Trevor T. Hill and he is at liberty to call on such assistance of legal counsel to GWRC at any time as he may deem necessary or appropriate.

Adjournments and Postponements

5. Notwithstanding the BCBCA or the Constituting Documents, and subject to the terms of the Arrangement Agreement, GWRC, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote respecting the adjournment or postponement, and without the approval of the Court. Notice of any adjournments or postponements shall be given by such method as GWRC may determine is appropriate in the circumstances, including by press release, news release, newspaper advertisement or by notice by one of the methods specified in paragraph 10 of this Interim Order.

6. Notwithstanding the *BCBCA* or applicable securities laws, the Record Date (as defined in paragraph 8 below) shall not change in respect of adjournments or postponements of the Meeting.

Amendments

7. Prior to the Meeting, GWRC is authorized to make such amendments, revisions and/or supplements to the Plan of Arrangement as it may determine without any additional notice, and the Plan of Arrangement as so amended, revised or supplemented shall be the Plan of Arrangement submitted to the Meeting and the subject of the Arrangement Resolution.

Record Date

8. The record date for determining the Shareholders entitled to receive notice of, attend and vote at the Meeting shall be March 9, 2016 (the "Record Date"), as previously approved by the Board of Directors of GWRC (the "Board"), or such other date as the Board may determine, and as disclosed in the Circular and form of proxy (collectively, the "Meeting Materials").

Notice of the Meeting

9. The Circular is hereby deemed to represent sufficient and adequate disclosure.

10. The Meeting Materials, comprising the Circular and form of proxy, in substantially the same form attached as Exhibits "A", and "B" to the Fleming Affidavit (subject to the ability of GWRC to change dates and make amendments or provide such additional communications or documents thereto as counsel for GWRC may advise are necessary or desirable, provided that such changes, amendments, communications or documents are not inconsistent with the terms of this Interim Order) and this Interim Order shall be distributed, as required, not later than twenty-one days prior to the Meeting as follows:

- (a) in the case of the Registered Shareholders, by prepaid ordinary mail, by expedited parcel post, by email or by facsimile, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of GWRC as of the Record Date;

- (b) in the case of non-registered Shareholders, Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators;
- (c) in the case of the directors and auditors of GWRC, by pre-paid ordinary mail, by expedited parcel post, by email or by facsimile, by courier, or by delivery in person, addressed to the individual directors and the auditors;

and that such mailing, delivery and distribution shall constitute good and sufficient notice of the Meeting.

11. The accidental failure or omission to give notice of the Meeting, or distribute the Meeting Materials in accordance with paragraph 10 above, or the non-receipt of such notice of the Meeting Materials or any failure or omission to give notice as a result of events beyond the reasonable control of GWRC, shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting, or invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of GRWC, then it shall use its reasonable best efforts to rectify it by the method and in the time most practicable in the circumstances.

12. A copy of the Circular, containing the Interim Order as Appendix "D" (together, the "Court Materials"), shall be delivered to holders of Options, SARs, DPUs and PSUs by sending a copy to them by prepaid ordinary mail, by expedited parcel post, by email or by facsimile, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of GWRC as of the Record Date.

13. No other form of service of the Meeting Materials or Court Materials or any portion thereof need be made or notice given or other material served in respect of these proceedings or the Meeting, except as may be directed by a further order of this Court.

Deemed Receipt of Notice

14. The Meeting Materials and the Court Materials shall be deemed to have been received (i) in the case of mailing, the day following the date of mailing (excepting Saturdays, Sundays and holidays), (ii) in the case of delivery in person, by courier or by expedited parcel post, upon receipt at the intended recipient's address, and (iii) in the case of email or facsimile, on the day the email or facsimile message is delivered effectively.

Updating Meeting Materials and Court Materials

15. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials may be communicated by press release, news release, newspaper advertisement or by notice sent by any of the means set forth in paragraph 10 herein, as determined by the Board.

Quorum and Voting

16. The quorum for the Meeting shall be the presence, in person or by proxy, a minimum of two persons together holding at least 5% of the issued and outstanding Common Shares and entitled to vote at the Meeting. If a quorum is present at the opening of the Meeting, the Shareholders present or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Meeting may be adjourned to a fixed time and place but no other business may be transacted at such Meeting.

17. The Arrangement Resolution must be approved by: (i) at least 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting; and (ii) at least a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting, excluding the votes cast in respect of the Common Shares held by the Excluded Persons.

18. The vote required to transact any other business that shall come before the Meeting shall be the affirmative vote of a majority of votes cast by Shareholders present in person or represented by proxy at the Meeting and entitled to vote on such business.

19. The votes taken at the Meeting shall be taken on the basis that each Shareholder as of the Record Date will have one vote for each Common Share held as of the Record Date. Spoiled votes will be deemed not to have been cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. The vote required to pass the Arrangement Resolution shall be sufficient to authorise and direct GWRC to do all such acts and things as may be necessary or desirable to give effect to the Plan of Arrangement without the necessity of any further approval by the Shareholders.

Permitted Attendees

21. The only persons entitled to attend or speak at the Meeting shall be: (i) the Registered Shareholders or their respective proxyholders; (ii) holders of Options, SARs, DSUs and PSUs; (iii) the officers, directors, auditors and advisors of GWRC; and (iv) other persons who may receive the permission of the Chair of the Meeting. The only persons entitled to be represented and to vote at the Meeting shall be the Registered Shareholders as of the Record Date, or their respective proxyholders.

Solicitation of Proxies

22. GWRC is authorized to use the form of proxy in substantially the same form attached as Exhibit "B" to the Fleming Affidavit. Subject to the Arrangement Agreement, GWRC (i) is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine, and (ii) may waive, in its discretion, the time limits for the deposit of proxies if it deems it advisable to do so.

23. The procedure for the use of proxies at the Meeting shall be set out in the Circular.

Dissent Rights

24. Registered Shareholders shall be permitted to exercise Dissent Rights in accordance with the *BCBCA*, as modified by this Interim Order and the Plan of Arrangement. In order to exercise Dissent Rights, Registered Shareholders must deliver Notices of Dissent to GWRC no later than 5:00 p.m. (EST) on April 22, 2016 (or if the Meeting is adjourned or postponed, 5:00 p.m. (EST) on a day that is at least two days before the date of such adjourned or postponed Meeting) at the address for delivery set out in the Circular in the section entitled The Arrangement – Dissent Rights of Shareholders.

Application for the Final Order

25. Following approval of the Arrangement Resolution in the manner set forth in paragraph 17 of this Interim Order, GWRC may apply to this Court for the a final order approving the Arrangement on the basis that the terms and conditions of the Arrangement are fair and reasonable to GWRC and to Shareholders, and declaring that the Arrangement shall be binding on the Petitioner, the Shareholders and holders of Options, SARs, DPU's and PSU's upon taking effect pursuant to its terms (the "Final Order").

26. The Petitioner is at liberty to proceed with the application for the Final Order at 9:45 a.m. on April 27, 2016 or so soon thereafter as it may be adjourned to, and shall be heard at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Petitioner may determine or this Court may direct.

27. The form of notice of petition for the Final Order attached to the Circular as Appendix E is hereby approved as the form of notice for the hearing of the application for the Final Order.

28. Any Shareholder or other person seeking to appear at the hearing of the application for the Final Order shall, by or before 4:00 p.m. (Vancouver time) on April 22, 2016:

- (a) file a Response to Petition in the form prescribed by the BC Supreme Court Civil Rules, and any other materials, with this Court; and

- (b) deliver the Response to Petition and any other materials to be relied on to the Petitioner's solicitors at:

Lawson Lundell LLP
 Suite 1600 Cathedral Place
 925 West Georgia Street
 Vancouver, British Columbia
 V6C 3L2 Canada
 Attention: Kinji C. Bouchier

29. Sending the notice of hearing for the Final Order and this Interim Order in accordance with paragraphs 10 and 12 of this Interim Order shall constitute good and sufficient service of the within proceedings and no other form of service need be made and no other material need be served on any person in respect of these proceedings and that service of the Petition and affidavits in support thereof is dispensed with. GWRC shall be at liberty to give notice of this application to persons outside the jurisdiction of this Court in the manner specified in paragraphs 10 and 12.

30. The only persons entitled to notice of any further proceedings herein, including any hearing to sanction and approve the Arrangement, and to appear and be heard thereon, shall be the solicitors for GWRC and any persons who have delivered a Response to Petition in accordance with this Interim Order.

31. In the event the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Interim Order need be served and provided with notice of the adjourned hearing date.

Precedence; Variance

32. To the extent of any inconsistency or discrepancy with respect to the matters provided for in this Interim Order and the terms of any instrument creating, governing or collateral to the Common Shares, Options, SARS, DPU's, PSU's or the Constatting Documents, this Interim Order shall govern.

33. GWRC shall be entitled, at any time, to apply to vary this Interim Order and to apply for such other orders as may be necessary and appropriate.

34. The provisions of Rule 16-1 and 8-1 are hereby dispensed with for the purposes of any further application made pursuant to this Petition.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER

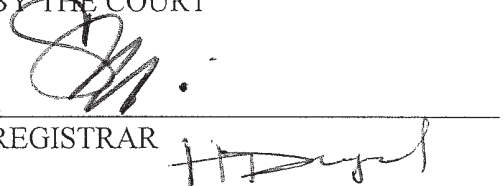


KIJ C. BOURCHIER
Counsel for the Petitioner

BY THE COURT



REGISTRAR



NO. S-162463
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF SECTIONS 288 AND 291 OF THE
BUSINESS CORPORATIONS ACT (BRITISH
COLUMBIA), S.B.C. 2002, C. 57, AND AMENDMENTS
THERETO

AND

IN THE MATTER OF THE PROPOSED
ARRANGEMENT INVOLVING GWR GLOBAL
WATER RESOURCES CORP.

GWR GLOBAL WATER RESOURCES CORP.

PETITIONER

**ORDER MADE AFTER APPLICATION
(INTERIM ORDER)**



Barristers & Solicitors
1600 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Phone: (604) 685-3456
Attention: Kinji C. Bouchier

KCB/jmp

APPENDIX E

NOTICE OF PETITION

To: The holders of common shares of GWR Global Water Resources Corp. (“GWRC”), options to acquire GWRC common shares, stock appreciation rights, deferred phantom units and phantom stock units

NOTICE IS HEREBY GIVEN that a Petition to the Court (the “Petition”) has been filed by the Petitioner, GWRC, in the Supreme Court of British Columbia (the “Court”) for approval of a plan of arrangement (the “Arrangement”) pursuant to section 291 of the *Business Corporations Act*, S.B.C. 2002, c.57.

AND NOTICE IS FURTHER GIVEN that the Court made an Interim Order on March 18, 2016 in respect of calling and conducting the annual and special meeting of the holders of common shares of GWRC (the “Meeting”) at which, among other things, the Arrangement will be considered. If the Arrangement is approved by the holders of common shares at the Meeting, GWRC intends to seek an order (the “Final Order”) approving the Arrangement on April 27, 2016 at 9:45 a.m. at the Courthouse, 800 Smithe Street, Vancouver, British Columbia (the “Final Application”).

IF YOU WISH TO BE HEARD in connection with the Final Application and to make submissions, or to be advised of any adjournments of the Final Application, you must file with the Court a Response to Petition by April 22, 2016 in the form prescribed by the Supreme Court Rules and deliver a copy of the Response to Petition and any materials upon which you intend to rely to the Petitioner’s lawyers: Kinji C. Bouchier, Lawson Lundell LLP, Cathedral Place, 1600 – 925 West Georgia Street, Vancouver, BC V6C 3L2, Vancouver, with a copy to Andrew Gray, Torys LLP, 79 Wellington Street West, Toronto, Ontario M5K 1N2.

AT THE HEARING OF THE FINAL APPLICATION, the Court may approve the Arrangement as presented or approve it subject to such terms and conditions as the Court deems fit.

A copy of the Petition and other documents in the proceeding will be furnished to any interested party upon request to the lawyers for the Petitioner, as set out above.

APPENDIX F

PLAN OF ARRANGEMENT

**SECTION 288 OF THE
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

“**Arrangement**” means an arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations made hereto in accordance with the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and GWRI, each acting reasonably;

“**Arrangement Agreement**” means the arrangement agreement made as of January 19, 2016 between the Company and GWRI, including all schedules, as same may be amended, supplemented or restated in accordance with its terms providing for, among other things, the Arrangement and the Merger;

“**Arrangement Meeting**” means the special meeting of Shareholders, including any adjournment or postponement thereof, called and held in accordance with the Interim Order, to consider the Arrangement Resolution;

“**Arrangement Resolution**” means the special resolution of the Shareholders, approving, *inter alia*, the Arrangement and the Merger, presented to the Shareholders at the Arrangement Meeting, substantially in the form and content of Schedule A to the Arrangement Agreement;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**business day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday observed in Toronto, Ontario, Vancouver, British Columbia or Phoenix, Arizona;

“**Certificate of Merger**” means the certificate issued by the Delaware Secretary of State effecting the Merger;

“**Common Shares**” means the common shares in the capital of the Company;

“**Company**” means GWR Global Water Resources Corp., a corporation formed under the laws of the Province of British Columbia;

“Company Circular” means the notice of the Arrangement Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the Shareholders in connection with the Arrangement Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

“Court” means the Supreme Court of British Columbia;

“Depository” means Equity Financial Trust Company or such other Canadian trust company, bank or financial institution as selected by the Company and GWRI to act as depository for the Common Shares in relation to the Arrangement;

“Dissent Rights” shall have the meaning ascribed thereto in Section 3.1(1);

“Dissenting Shareholder” means a registered holder of Common Shares who has validly exercised Dissent Rights in strict compliance with the terms of the Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights as of the Effective Time, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such holder in strict compliance with the terms of the Dissent Rights;

“DSUs” means deferred phantom units granted pursuant to the deferred phantom stock unit plan of the Company or GWRI, each dated January 1, 2011;

“Effective Date” means the date upon which the Arrangement and Merger becomes effective;

“Effective Time” means the time on the Effective Date that the Certificate of Merger is effective;

“Encumbrance” (and any grammatical variation thereof) means any mortgage, pledge, assignment, charge, lien, claim, hypothec, security interest, adverse claim or encumbrance;

“Final Order” means the final order of the Court made pursuant to section 291 of the BCBCA in a form acceptable to the Company and GWRI, each acting reasonably, approving the Arrangement;

“Governmental Entity” means (a) any supranational, international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign, (b) any subdivision, agent or authority of any of the foregoing, or (c) any quasi-governmental or private body, including any tribunal, commission, stock exchange, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority;

“GWRI” means Global Water Resources, Inc., a corporation formed under the laws of the State of Delaware and its successors (including GWRI, as the surviving corporation upon the completion of the Merger) and assigns;

“Interim Order” means the interim order of the Court made pursuant to section 291 of the BCBCA in connection with the Arrangement, providing for, among other things, the calling and holding of the Arrangement Meeting, as the same may be amended by the Court;

“Law” or “Laws” means all supranational, international, multinational, federal, provincial, state, municipal, regional and local laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term “applicable” with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are binding upon or applicable to such Party or its assets;

“Letter of Transmittal” means the letter of transmittal forwarded by the Company to registered holders of Common Shares together with the Company Circular or such other equivalent form of letter of transmittal acceptable to GWRI, acting reasonably;

“Merger” means the merger of the Company with and into GWRI under the General Corporation Law of the State of Delaware;

“Option” means an option to purchase one Common Share granted under the stock option plan of GWRC;

“Parties” means the Company and GWRI, and **“Party”** means either of them;

“person” means any individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, corporation, body corporate, unincorporated organization, joint venture, trustee, executor, administrator, legal representative, Governmental Entity or any other entity, whether or not having legal status;

“Plan of Arrangement” means this plan of arrangement, and any amendments or variations hereto made in accordance with Section 8.7 of the Arrangement Agreement or Section 5.1 of this plan of arrangement or made at the direction of the Court in the Interim Order or the Final Order with the consent of the Company and GWRI, each acting reasonably; and references to **“Article”** or **“Section”** mean the specified Article or Section of this Plan of Arrangement;

“Plan Participant” means any person participating in the stock option plan of the Company, phantom stock unit plan of GWRI, amended and restated effective May 1, 2015, deferred phantom stock unit plan of the Company or GWRI, each dated January 1, 2011 or stock appreciation rights plan of GWRI, effective as of January 1, 2013, as provided by the terms of such plan at the Effective Time;

“PSUs” means the phantom stock units granted under the phantom stock unit plan of GWRI, amended and restated effective May 1, 2015;

“Replacement Option” has the meaning given to it in Section 2.2(2);

“Replacement SAR” has the meaning given to it in Section 2.2(3);

“SAR” means a stock appreciation right granted under the stock appreciation rights plan of GWRI effective as of January 1, 2013, as amended and restated from time to time; and

“**Shareholders**” means the registered or beneficial holders of Common Shares, as the context requires.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

1.4 Date for Any Action

If any period expires on a day which is not a business day or any event or condition is required by the terms of this Plan of Arrangement to occur or to be fulfilled on a day which is not a business day, such period shall expire or such event or condition shall occur or be fulfilled, as the case may be, on the next succeeding day which is a business day.

1.5 Time

Time is of the essence in this Plan of Arrangement. All times expressed herein or in any Letter of Transmittal are local time in Toronto, Canada unless otherwise stipulated herein or therein.

1.6 Statutory References

References to a particular statute or law shall be to such statute or law and the rules, regulations and published policies made thereunder, as in force as at the date of this Plan of Arrangement and, unless otherwise expressly provided, as the same may be amended, re-enacted, consolidated or replaced from time to time.

ARTICLE 2 THE ARRANGEMENT

2.1 Effectiveness

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on (i) the Company, (ii) GWRI, and (iii) all registered holders and all beneficial owners of Common Shares (including, for greater certainty, Dissenting Shareholders); (v) all Plan Participants; (vi) all registered holders and all beneficial owners of Options, DSUs, PSUs or SARs; (vii) the registrar and transfer agent in respect of the Common Shares; and (viii) the Depositary.

2.2 The Arrangement

At the Effective Time, the following shall occur and be deemed to occur without any further act or formality required on the part of any person, except as expressly provided herein:

(1) the Company will be authorized to merge with and into GWRI, which Merger shall be effected under the General Corporation Law of the State of Delaware to form one corporate entity, with a similar effect as if the Company had been authorized to amalgamate with GWRI under section 284 of the BCBCA (provided however that notwithstanding any filings made with, or notations, notices or other information recorded or published by, the Registrar of Companies of British Columbia or any other similar governmental authority, the transaction shall be characterized as a merger under the General Corporation Law of the State of Delaware and not an amalgamation), and whereby pursuant to such Merger and the General Corporation Law of the State of Delaware;

- (i) the separate legal existence of GWRI will not cease and GWRI will be the surviving entity;
- (ii) without limiting the generality of (1)(i), the separate legal existence of the Company will cease without it being liquidated or wound up and the Company and GWRI will continue as GWRI and the property of the Company will become the property of GWRI;
- (iii) the property, rights and interest of each of the Company and GWRI will continue to be the property, rights and interest of GWRI;
- (iv) GWRI will continue to be liable for the obligations of each of the Company and GWRI;
- (v) an existing cause of action, claim or liability to prosecution is unaffected;
- (vi) a civil, criminal or administrative action or proceeding pending by or against the Company or GWRI may be continued to be prosecuted by or against GWRI; and
- (vii) a conviction against, or ruling, order or judgement in favour of or against, the Company or GWRI may be enforced by or against GWRI;

(2) each outstanding Option will, without any further action on the part of any holder of Options, be exchanged for an option (each, a “**Replacement Option**”) to acquire, on the same terms and conditions as were applicable under such Option immediately prior to the Effective Time, such number of shares of common stock of GWRI equal to that number of Common Shares that were issuable upon the exercise of such Option immediately prior to the Effective Time, at an exercise price per share of common stock of GWRI equal to the U.S.\$ equivalent (based on the Bank of Canada noon exchange rate one business day prior to the Effective Date) of the exercise price per Common Share at which such Option was exercisable immediately prior to the Effective Time;

(3) each outstanding SAR will be exchanged for an award (a “**Replacement SAR**”) granted by GWRI, on the same terms and conditions as were applicable under such SAR immediately prior to the Effective Time, with a value equal to the U.S.\$ equivalent (based on the Bank of Canada noon exchange rate one business day prior to the Effective Date) of the value of such SAR immediately prior to the Effective Time and shall be determined with reference to shares of common stock of GWRI;

(4) each outstanding DSU and PSU will be continued on the same terms and conditions as were applicable immediately prior to the Effective Time, except that the terms of the DSU or PSU, as applicable, shall be amended so as to substitute for the Common Shares subject to the DSU or PSU, as applicable, such number of shares of common stock of GWRI equal to the number of Common Shares subject to the DSU or PSU immediately prior to the Effective Time;

(5) each Common Share in respect of which Dissent Rights have been validly exercised and not withdrawn shall be cancelled and become an entitlement to be paid the fair value of such Common Share and such holder shall cease to be the holder of the Common Share so cancelled and to have any rights as holder of such Common Share other than the right to be paid by GWRI the amount determined in accordance with Section 3.1;

(6) each issued and outstanding Common Share (other than any Common Share held by a Dissenting Shareholder) shall be exchanged for one share of common stock of GWRI and:

A. the holders of such Common Shares immediately prior to such exchange shall cease to be the holders thereof and to have any rights as holders of such Common Shares other than the right to receive one share of common stock of GWRI per Common Share in accordance with this Plan of Arrangement; and

B. the name of such holder shall be removed from the register of holders of Common Shares as it relates to the Common Share so exchanged,

provided that none of the foregoing shall occur or be deemed to occur unless all of the foregoing occur.

2.3 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing the number of shares of common stock of GWRI to which such registered holder of Common Shares is entitled under the Arrangement in accordance with Section II(f), as applicable, and such holder of Common Shares’ Letter of Transmittal. When authorizing the issuance of a share certificate of shares of common stock of GWRI in exchange for any lost, stolen or destroyed certificate, the person to whom such certificate is issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to GWRI in such sum as GWRI may reasonably direct or otherwise indemnify GWRI in a manner satisfactory to GWRI, acting reasonably, against any

claim that may be made against the GWRI or the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

2.4 Transfers Free and Clear

Any transfer of securities pursuant to this Plan of Arrangement shall be free and clear of all Encumbrances.

ARTICLE 3 RIGHTS OF DISSENT

3.1 Dissent Rights

(1) Registered holders of Common Shares may exercise rights of dissent with respect to such Common Shares pursuant to and in the manner set forth in sections 237 to 247 of the BCBCA as modified and supplemented by the Interim Order, the Final Order and this Section 3.1 in connection with the Arrangement Resolution (the “**Dissent Rights**”); provided that, notwithstanding (i) subsection 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution referred to in subsection 242(1)(a) of the BCBCA must be received by the Company not later than 5:00 p.m. on the day that is two (2) days immediately preceding the date of the Arrangement Meeting, (ii) section 245 of the BCBCA, GWRI and not the Company shall be required to pay the fair value of such Common Shares, and (iii) GWRI shall have all rights of the Company, as its successor, under sections 237 to 247 with respect to Dissent Rights and the exercise thereof.

(2) Dissenting Shareholders who are ultimately determined to be entitled to be paid fair value for their Common Shares shall be entitled to be paid by GWRI the fair value of such Common Shares and will not be entitled to any other payment or consideration under the Arrangement, including any payment that would be payable under the Arrangement had such registered holders not exercised their Dissent Rights in respect of such Common Shares.

(3) Holders of Common Shares who validly withdraw their Dissent Rights or who are ultimately determined not to be entitled, for any reason, to be paid fair value for their Common Shares shall be deemed to have participated in the Arrangement pursuant to Section II(f) on the same basis as a non-dissenting holder of Common Shares.

(4) In no circumstances shall GWRI, the Company, the Depositary, the registrar and transfer agent in respect of the Common Shares, or any of their respective successors or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Common Shares in respect of which such rights are sought to be exercised. In no case shall the Company, GWRI, the Depositary, the registrar and transfer agent in respect of the Common Shares, or any of their respective successors or any other person be required to recognize a Dissenting Shareholder as a holder of Common Shares after the Effective Time and the name of each Dissenting Shareholder shall be deleted from the register of holders of Common Shares as at the Effective Time as provided in Article 2.

(5) No rights of dissent shall be available to holders of Options, DSUs, PSUs or SARs in connection with the Arrangement. In addition to any other restrictions under Division 2 of Part

8 of the BCBCA, holders of Common Shares who vote in favour of the Arrangement Resolution, or have instructed a proxyholder to vote such Common Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights and shall be deemed to have not exercised Dissent Rights in respect of such Common Shares.

ARTICLE 4 EXCHANGE OF SHARES

4.1 Letter of Transmittal

At the time of mailing the Company Circular or as soon as practicable thereafter, the Company shall forward to each registered holder of Common Shares a Letter of Transmittal.

4.2 Exchange of Share Certificates

(1) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Common Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary and GWRI may reasonably require, the holder of Common Shares of such surrendered certificate shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver to such holder of Common Shares, as soon as practicable after the Effective Time, a certificate representing such number of shares of common stock of GWRI that such holder of Common Shares is entitled to under the Arrangement in accordance with Section II(f).

(2) Until surrendered as contemplated by Section 4.2(1), each certificate which immediately prior to the Effective Time represented any Common Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender such number of shares of common stock of GWRI as contemplated in Section II(f). Any such certificate formerly representing Common Shares not duly surrendered on or before the second anniversary of the Effective Date shall cease to represent a claim by or interest of any former Shareholder of any kind or nature against or in the Company or GWRI. On such second anniversary date, all certificates representing Common Shares shall be deemed to have been surrendered to GWRI and any shares of common stock of GWRI to which such former holder was entitled, together with any entitlements to dividends, distributions and interest thereon, shall be deemed to have been surrendered to GWRI or any successor thereof for no consideration.

ARTICLE 5 GENERAL

5.1 Amendment

(1) GWRI and the Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that any such amendment, modification or supplement must be approved by each of GWRI and the Company and, if made following the Arrangement Meeting, approved by the Court and communicated to Shareholders and others as may be required by the Interim Order in the manner required by the Court (if so required).

(2) Any amendment, modification or supplement to this Plan of Arrangement which is directed by the Court following the Arrangement Meeting shall be effective only if (i) it is consented to in writing by GWRI and the Company, in each case, acting reasonably, and (ii) if required by the Court, it is consented to by the Shareholders in the manner directed by the Court.

(3) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or GWRI at any time prior to the Arrangement Meeting, provided that the Company or GWRI, as applicable, shall have consented thereto in writing, with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Arrangement Meeting, other than as may be required under the Interim Order, shall become part of this Plan of Arrangement for all purposes.

(4) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

(5) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by GWRI, provided that it concerns a matter which, in the reasonable opinion of GWRI, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interest of any former Shareholder or former Plan Participant.

5.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and be deemed to have occurred in the order set out herein, without any further authorization, act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to implement this Plan of Arrangement and to further document or evidence any of the transactions or events set out herein.

APPENDIX G

DIVISION 2 OF PART 8 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

DIVISION 2 — DISSENT PROCEEDINGS

Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations, excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238(1)(g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
 - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
 - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;
 - (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
 - (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
 - (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
 - (e) under section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
 - (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
 - (g) in respect of any other resolution, if dissent is authorized by the resolution;
 - (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
 - (b) identify in each notice of dissent, in accordance with section 242(4), the person on whose behalf dissent is being exercised in that notice of dissent, and

- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
 - (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
 - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

- 239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
 - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
 - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
 - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a

specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

- 240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
 - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
 - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
 - (b) a statement advising of the right to send a notice of dissent, and
 - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240(1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240(3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240(1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240(2)(b) or (3)(b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:
 - (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
 - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
 - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
 - (i) the name and address of the beneficial owner, and
 - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

- 243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

- (i) the date on which the company forms the intention to proceed, and
 - (ii) the date on which the notice of dissent was received, or
- (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1)(a) or (b) of this section must
 - (a) be dated not earlier than the date on which the notice is sent,
 - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
 - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

- 244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
 - (b) the certificates, if any, representing the notice shares, and
 - (c) if section 242(4)(c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1)(c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
 - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
- (a) the dissenter is deemed to have sold to the company the notice shares, and

- (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

- 245** (1) A company and a dissenter who has complied with section 244(1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or
 - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
 - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244(1), and
 - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)(a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
 - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1)(b) or (3)(b),
 - (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
 - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
 - (a) the company is insolvent, or
 - (b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244(4) or (5), 245(4)(a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

APPENDIX H
PRO FORMA FINANCIALS

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated balance sheet as of December 31, 2015 has been presented to give effect to the Arrangement, including a 100.68-for-1 forward stock split with respect to GWRI's common stock that will be effected prior to the completion of the Arrangement. The following pro forma unaudited condensed consolidated statement of operations for the year ended December 31, 2015 is presented to give effect to a 100.68-for-1 forward stock split with respect to GWRI's common stock that will be effected prior to the completion of the Arrangement and to the condemnation of the operations and assets of Valencia Water Company, Inc. (as described in the Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 2015 and 2014 incorporated by reference herein, under the heading "Recent Corporate Transactions—Stipulated Condemnation of Valencia"), as if the transaction was completed as of January 1, 2015. The pro forma unaudited condensed consolidated statement of operations was required to be included in the Form S-1 registration statement of GWRI filed in connection with the U.S. IPO and, as a result, is included in this Circular for informational purposes.

The condemnation of the operations and assets of Valencia Water Company, Inc. has been omitted from the balance sheet adjustments as the transaction is reflected in GWRI's audited consolidated balance sheet as of December 31, 2015. The Arrangement has been omitted from the statement of operations adjustments as the transaction will not have any impact on GWRI's statement of operations.

The following unaudited pro forma condensed consolidated financial statements are derived from GWRI's audited consolidated statement of operations for the year ended December 31, 2015 and GWRI's audited consolidated balance sheet as of December 31, 2015, that are incorporated by reference herein. The unaudited pro forma adjustments are based on currently available information and assumptions that management believes are reasonable, factually supportable, directly attributable and, as it relates to the unaudited pro forma condensed consolidated statements of operations, will have a continuing impact. The unaudited pro forma consolidated financial information does not purport to represent GWRI's consolidated financial position or results of operations that would have occurred had the transactions been consummated on the date assumed or to project GWRI's consolidated financial position or results of operations for any future date or period. The presentation of the unaudited pro forma condensed consolidated financial information is prepared in conformity with Article 11 of Regulation S-X of the SEC rules.

The unaudited pro forma adjustments related to the condemnation of the operations and assets of Valencia Water Company, Inc., the stock split and the Arrangement are described in the notes to the unaudited pro forma condensed consolidated financial information.

The unaudited pro forma condensed consolidated financial information should be read together with GWRI's audited consolidated financial statements, the related notes and the related Management's Discussion and Analysis of Financial Condition and Results of Operations thereto incorporated by reference in this Circular.

GLOBAL WATER RESOURCES, INC.
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
As of December 31, 2015
(Unaudited)

ASSETS	Historical	Pro Forma Adjustments	Pro Forma, As Adjusted
PROPERTY, PLANT AND EQUIPMENT:			
Property, plant and equipment	\$ 258,244	\$ —	\$ 258,244
Less accumulated depreciation	(64,092)	—	(64,092)
Net property, plant and equipment	<u>194,152</u>	<u>—</u>	<u>194,152</u>
CURRENT ASSETS:			
Cash and cash equivalents	11,513	—	11,513
Accounts receivable – net	1,132	—	1,132
Due from related party	306	—	306
Accrued revenue	1,745	—	1,745
Prepaid expenses and other current assets	1,179	—	1,179
Assets held for sale	2,840	—	2,840
Total current assets	<u>18,715</u>	<u>—</u>	<u>18,715</u>
OTHER ASSETS:			
Goodwill	—	—	—
Intangible assets – net	12,772	—	12,772
Regulatory assets	227	—	227
Deposits	13	—	13
Bond service fund and other restricted cash	9,042	—	9,042
Debt issuance costs – net	2,233	—	2,233
Equity method investment – related party	821	—	821
Total other assets	<u>25,108</u>	<u>—</u>	<u>25,108</u>
TOTAL ASSETS	<u>\$ 237,975</u>	<u>\$ —</u>	<u>\$ 237,975</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 1,322	\$ —	\$ 1,322
Accrued expenses	5,137	178(1)	5,315
Deferred revenue	11	—	11
Customer and meter deposits	1,706	—	1,706
Long-term debt – current portion	1,994	—	1,994
Liabilities held for sale	493	—	493
Total current liabilities	<u>10,663</u>	<u>178</u>	<u>10,841</u>
NONCURRENT LIABILITIES:			
Long-term debt	104,650	—	104,650
Deferred regulatory gain	19,730	—	19,730
Regulatory liability	7,859	—	7,859
Advances in aid of construction	61,480	—	61,480
Contributions in aid of construction – net	4,426	—	4,426
Deferred income tax liability	4,164	—	4,164
Acquisition liability	4,688	—	4,688
Other noncurrent liabilities	252	275(1)	527
Total noncurrent liabilities	<u>207,249</u>	<u>275</u>	<u>207,524</u>
Total liabilities	<u>217,912</u>	<u>453</u>	<u>218,365</u>
Commitments and contingencies (see Note 13)			
SHAREHOLDERS' EQUITY:			
Common stock, \$0.01 par value, 1,000,000 shares authorized, 181,179 and 182,050 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively;			
Pro forma common stock, \$0.0001 par value, 60,000,000 shares authorized, 18,241,746 and 18,329,441 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	2	(1)(1)	1
Treasury stock, at cost	—	1(1)	1
Paid in capital	21,659	(453)(1)	21,206
Accumulated deficit	(1,598)	—	(1,598)
Total shareholders' equity	<u>20,063</u>	<u>(453)</u>	<u>19,610</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 237,975</u>	<u>\$ —</u>	<u>\$ 237,975</u>

GLOBAL WATER RESOURCES, INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2015
(Unaudited)

	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma, As Adjusted</u>
REVENUES:			
Water services.....	\$ 16,320	\$ (3,266) (2)	\$ 13,054
Wastewater and recycled water services.....	15,020	—	15,020
Unregulated revenues.....	616	—	616
Total revenues.....	<u>31,956</u>	<u>(3,266)</u>	<u>28,690</u>
OPERATING EXPENSES:			
Operations and maintenance.....	7,080	(905) (2)	6,175
Operations and maintenance - related party.....	2,179	(330) (2)	1,849
General and administrative.....	7,957	(135) (3)	7,822
Depreciation.....	8,213	(1,257) (2)	6,956
Total operating expenses.....	<u>25,429</u>	<u>(2,627)</u>	<u>22,802</u>
OPERATING INCOME.....	<u>6,527</u>	<u>(639)</u>	<u>5,888</u>
OTHER INCOME (EXPENSE):			
Gain on condemnation of Valencia.....	42,983	(42,983) (6)	—
Interest income.....	11	—	11
Interest expense.....	(8,299)	—	(8,299)
Other.....	767	(2) (2)	765
Other - related party.....	(3)	—	(3)
Total other income (expense).....	<u>35,459</u>	<u>(42,985)</u>	<u>(7,526)</u>
INCOME (LOSS) BEFORE INCOME TAXES.....	41,986	(43,624)	(1,638)
INCOME TAX (EXPENSE) BENEFIT.....	(20,623)	21,407 (6)	784
NET INCOME (LOSS).....	<u>\$ 21,363</u>	<u>\$ (22,217)</u>	<u>\$ (854)</u>
Basic earnings (loss) per common share.....	\$ 117.55		\$ (0.05) (4)(5)
Diluted earnings (loss) per common share.....	\$ 117.55		\$ (0.05) (4)(5)
Dividends declared per common share.....	C\$ 187.18		C\$ 1.86 (5)
Dividends declared per common share.....	\$ 143.95		\$ 1.43 (5)
Weighted average number of common shares used in the determination of:			
Basic earnings per common share.....	181,733		18,296,878 (5)
Diluted earnings per common share.....	181,733		18,296,878 (5)

GLOBAL WATER RESOURCES, INC.
Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information

1. Basis of presentation

The unaudited pro forma condensed consolidated balance sheet as of December 31, 2015, is based on the historical audited consolidated balance sheet for Global Water Resources, Inc., as adjusted to give effect to the Arrangement, and to a 100.68-for-1 common stock split to occur as part of the Arrangement.

The unaudited pro forma condensed consolidated statement of operations is based on the historical audited consolidated statement of operations for the year ended December 31, 2015 for Global Water Resources Inc., as adjusted to give effect to the condemnation of operations and assets of Valencia Water Company as if the transaction had occurred on January 1, 2015, and to a 100.68-for-1 common stock split to occur as part of the Arrangement.

2. Pro forma adjustments

The unaudited pro forma adjustments are based on currently available information and assumptions that management believes are reasonable, factually supportable, directly attributable and, as it relates to the unaudited pro forma condensed consolidated statement of operations, will have a continuing impact. The following adjustments have been reflected in the unaudited pro forma condensed consolidated balance sheet as of December 31, 2015 and the unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2015.

- (1) Reflects the assets and liabilities assumed upon consolidation of GWRC into GWRI and the exchange of shares held by GWRC for new shares to be distributed to GWRC shareholders of record.
- (2) Reflects the elimination of water service revenues, operations and maintenance expense, depreciation expense and other expense relating to the condemnation of the operations and assets of Valencia Water Company, Inc.
- (3) Reflects the elimination of general and administrative expenses relating to the condemnation of the operations and assets of Valencia Water Company, Inc. The general and administrative pro forma adjustments represent the elimination of direct expenses recorded at Valencia Water Company, Inc. during the year ended December 31, 2015. Certain allocated expenses were not included in the pro forma adjustments as such consolidated expenses generally remained in 2015 even after considering the condemnation of the operations and assets of Valencia Water Company, Inc.
- (4) The adjustments to basic earnings (loss) and diluted earnings (loss) per common share reflect the elimination of the net gain on the condemnation of the operations and assets of Valencia Water Company, Inc. and the net income eliminated through the pro forma adjustments for the year ended December 31, 2015.
- (5) Reflects the adjustments to give effect to a 100.68-for-1 common stock split to occur as part of the Arrangement.
- (6) With the condemnation of the operations and assets of Valencia Water Company, Inc. GWRI recognized a gain on condemnation of \$43.0 million which has been eliminated in the pro forma adjustments. The tax effects include adjustments recognized at the statutory rate of 38% as follows:
 - \$16.6 million in tax expenses related to the net income eliminated through the pro forma adjustments
 - \$4.8 million in tax expense related to a permanent adjustment to goodwill of \$12.7 million



GLOBAL WATER