

**DIRECTCASH PAYMENTS INC.**

**NOTICE OF ANNUAL MEETING**

**OF SHAREHOLDERS**

to be held at:

**Telus MAC E1 Room, Calgary Telus Convention Centre  
120 - 9th Avenue S.E.  
Calgary, Alberta, T2G 0P3**

**Thursday, May 23, 2013**

**10:00 a.m. (Calgary time)**

**PROXY STATEMENT AND INFORMATION CIRCULAR**

**(Record Date: April 12, 2013)**

Complying with Form 51-102F5 (Information Circular) & Form 51-102F6 (Statement of Executive Compensation)

# DIRECTCASH PAYMENTS INC.

## PROXY STATEMENT AND INFORMATION CIRCULAR

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# DIRECTCASH PAYMENTS INC.

## PROXY STATEMENT AND INFORMATION CIRCULAR FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 23, 2013

(Mailed to all registered shareholders on or about April 15, 2013)  
(Accessible for download by beneficial shareholders on or about April 15, 2013)

***NOTE: Shareholders who do not hold their shares in their own name as registered shareholders should read "Advice to Beneficial Shareholders" herein for an explanation of their rights.***

***NOTE: The Corporation has elected to use a "notice-and-access" system to provide non-registered shareholders (but not registered shareholders) with access to disclosure documents from the Corporation issued in connection with the Meeting. Shareholders should review the "Notice-And-Access" section below for a description of how this system works.***

### SOLICITATION OF PROXIES

This Proxy Statement and Information Circular (the "Information Circular") is furnished in connection with the solicitation by and on behalf of management of DirectCash Payments Inc. ("DCPayments") of proxies to be used at the Annual Meeting of shareholders of DCPayments (the "Meeting") to be held at Telus MAC E1 Room, Calgary Telus Convention Centre, 120 - 9th Avenue S.E., Calgary, Alberta, T2G 0P3, on Thursday, May 23, 2013 at the hour of 10:00 a.m., or any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders.

The solicitation of proxies will be primarily by mail, but may also be supplemented by email, web posting, telephone, telecopy and personal contact by directors, officers and employees of DirectCash Group. All costs incurred in connection with the solicitation of proxies by management for use at the Meeting will be borne by DCPayments. Brokerage houses and other custodians, nominees and fiduciaries will be reimbursed for the reasonable expenses of forwarding documents to beneficial owners for whom shares are held (in accordance with Canadian securities commission rules and policies). The information contained herein is provided as of April 8, 2013 unless otherwise noted.

### VOTING OF SHARES

The persons entitled to attend and vote at the Meeting or to be represented thereat by proxy are those holders of Common Shares of record (i.e. those whose names appear in the formal register of shareholders maintained for DCPayments) at the close of business on April 12, 2013, provided that, to the extent that a shareholder transfers the ownership of any Common Shares after the record date and the transferee of those shares establishes that the transferee owns such shares and demands not later than 10 days before the Meeting that the transferee's name be included in the shareholders' list for the meeting, such transferee is entitled to vote such

shares at the Meeting. Each Common Share carries the right to one vote on a ballot at the Meeting. There are currently 16,639,279 Common Shares ("**Common Shares**") issued and outstanding. A quorum for the Meeting is persons present in person not being less than 2 in number and holding or representing not less than 5% of the shares entitled to be voted at the meeting.

## **DEFINED TERMS FOR ENTITIES & HISTORICAL INFORMATION DISCLOSURES**

In this Information Circular the follows terms have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta), DCPayments' statute of incorporation.

"**DCPayments**" or the "**Corporation**" means DirectCash Payments Inc.

"**DirectCash**" means, collectively, DirectCash Management Inc., DirectCash Limited Partnership (prior to its dissolution on December 30, 2012), DirectCash Canada Limited Partnership (from and after January 1, 2013), the DirectCash ATM Management Partnership, the DirectCash ATM Processing Partnership, DirectCash Acquisition Corp. (prior to its amalgamation into DCPayments on December 30, 2012) and any of their controlled affiliates (i.e. the entities involved in the actual operation of the businesses being carried on).

"**DirectCash Group**" means, collectively, DCPayments and the entities comprised in the definition of "DirectCash".

## **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy to represent the shareholders (the "**Management Designees**") are directors or officers of DCPayments. **A shareholder submitting a form of proxy has the right to appoint a person or persons, who need not be shareholders, to represent the shareholder at the Meeting other than the Management Designees. Such right may be exercised by crossing out the names of the Management Designees and legibly inserting the name of the shareholder's nominee(s) in the blank space(s) provided for that purpose in the form of proxy, or by completing another proxy in proper form and depositing the proxy in the manner described below.**

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke the proxy, as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy, (a) by signing a proxy bearing a later date and depositing it with Valiant Trust Company within the time specified for deposit of proxies, (b) by signing an instrument in writing revoking the proxy, and depositing it with the Secretary of DCPayments at Bay #6, 1420 - 28th Street N.E., Calgary, Alberta, T2A 7W6, or care of Valiant Trust Company, at #310, 606 - 4th Street S.W., Calgary, Alberta, T2P 1T1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or (c) if a registered shareholder, by attending at the Meeting, registering as a shareholder present in person and voting in person.

A proxy or notice of revocation of proxy, in order to be valid, (a) if the shareholder is an individual, must be executed by the shareholder or by the shareholder's attorney in writing or (b) if the shareholder is a corporation or other entity, must be executed by an officer or attorney thereof duly authorized.

## VOTING OF PROXIES

To be voted at the Meeting or any adjournment thereof, a proxy must be received by Valiant Trust Company, #310, 606 - 4th Street S.W., Calgary, Alberta, T2P 1T1, not less than 24 hours (excluding Saturdays, Sundays and other holidays) preceding the time fixed for commencement of the Meeting or any adjournment thereof provided, however, that the Chairman of the Meeting may in the Chairman's discretion accept proxies received after this time up to and including the time of the Meeting or any adjournment thereof.

The Management Designees will, if the form of proxy is duly completed and deposited on a timely basis, vote (or withhold from voting) all Common Shares in respect of which they are appointed to act in accordance with the instructions of the shareholder on any ballot that may be called for. If a shareholder providing a proxy specifies a choice with respect to an item listed in the proxy, the Management Designees will vote accordingly. If votes are carried out by show of hands, the Management Designees will vote according to the majority decision of the proxies appointing them and will not demand a ballot unless a ballot is required by applicable law. **If no such instructions are given (i.e. items on the proxy form are left blank), the Management Designees will vote the Common Shares in respect of which they are appointed in favour of the resolutions set forth in the proxy form and in favour of management's nominees for directors and in favour of management's nominee for auditor.**

The enclosed form of proxy, when duly completed and deposited, confers discretionary authority upon the persons named therein with respect to amendments to the matters identified in the Notice of Annual Meeting for which the proxy is solicited and with respect to any other matters which may properly come before the Meeting.

Management of DirectCash Group does not know of any matters to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. In respect of any amendments to the matters identified in the Notice of Annual Meeting or other matters which may properly come before the Meeting, the persons named in the proxies solicited by management for use at the Meeting will vote on such matters in their discretion.

## ADVICE TO BENEFICIAL SHAREHOLDERS

The information in this section is of significant importance to shareholders of DCPayments since a substantial number of shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to herein as "**Beneficial Shareholders**") are advised that only proxies deposited by shareholders whose names appear in the records of DCPayments as registered shareholders ("**Registered Shareholders**") can be recognized and acted upon at the Meeting. If Common Shares are listed in the account statement provided to the shareholder by a broker, bank or trust company (an "**Account Administrator**"), then in almost all cases those shares will not be registered under the shareholder's name in the records of DCPayments. Such shares will more likely be registered under the name of the shareholder's Account Administrator or an Account Administrator's agent clearing house (a "**Registered Nominee**"). In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities which acts as nominee for most TSX brokerage firms and most Canadian banks and trust companies). In the U.S.A. the common registration name used is CEDE & Co. Shares held by Account Administrators or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the Account Administrators (and their

agents and nominees who are only Registered Nominees) are prohibited from voting shares for their Beneficial Shareholder clients. DCPayments does not necessarily know for whose benefit the shares registered in the names of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized by DCPayments at the Meeting for the purposes of voting their shares directly. Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.

Applicable regulatory policies require Account Administrators to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every Account Administrator (with the assistance of the Account Administrator's nominees and agents) has its own mailing procedure, and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The vast majority of Account Administrators in Canada now delegate to Broadridge Financial Solutions (Canada) Inc. ("**Broadridge**") the tasks of mailing out DCPayments' meeting materials to Beneficial Shareholders, obtaining the voting instructions from the Beneficial Shareholders, and tabulating and communicating the cumulative voting instructions of Beneficial Shareholders as a group to DCPayments. Broadridge provides these services in the background in such a way so that the Account Administrator can use its own letterhead (i.e. Beneficial Shareholders are unlikely to see the Broadridge name anywhere on the documents received - Beneficial Shareholders will likely just see the Account Administrator's name).

Broadridge inserts a special voting instruction form (the "**VIF**") into the envelope with the other meeting materials mailed to Beneficial Shareholders. Beneficial Shareholders receiving the VIF will notice that no "proxy" is included in the envelope with their mailed meeting materials. Such Beneficial Shareholders will have the option of either (a) completing the VIF by hand and mailing it back ("**Mail Voting**"), or (b) providing instructions for voting their shares by calling a 1-800 number and following a touch tone telephone voting procedure described in the VIF ("**Telephone Voting**"), or (c) providing instructions for voting their shares by accessing (using a control number/PIN) a secure internet web site ([www.proxyvote.com](http://www.proxyvote.com)) set up by Broadridge and following the voting procedure set out on the web site ("**Internet Voting**") or (d) providing instructions so that the Beneficial Shareholder (or any other selected nominee) can attend the meeting in person as "appointee" and vote in person using a "special appointment" ("**Special Appointment Arrangements**"). For Internet Voting, if meeting materials are delivered by email rather than paper mail, no control number/PIN is required to vote the shares over the internet.

Applicable corporate law provides that Beneficial Shareholders may request that the Beneficial Shareholder or the Beneficial Shareholder's nominee be appointed as the proxyholder for their Common Shares. However, most Beneficial Shareholders use the "beneficial appointment" option under the VIF rather than requesting a legal proxy. Other Beneficial Shareholders who do not receive a VIF with such a section in it, should contact their Account Administrator well in advance of the Meeting if the Beneficial Shareholder wishes to exercise this right and be appointed as proxyholder for the Meeting under a Special Appointment.

Some Account Administrators may elect to use the form of proxy prepared by DCPayments to obtain voting instructions from Beneficial Shareholders (i.e. unlike most Broadridge mailings which now generates its own VIF). However, when a Account Administrator uses a copy of DCPayments' form of proxy in this way, the proxy's purpose is limited to instructing the Account Administrator how to vote on behalf of the Beneficial Shareholder. Account Administrators using DCPayments' form of proxy typically include a special sticker with the proxy form produced by DCPayments, mail the special sticker and the proxy form to the Beneficial Shareholder and ask Beneficial Shareholder to apply the special sticker to the proxy form and



return the proxy form to the Account Administrator. **A Beneficial Shareholder receiving a proxy along with such a sticker cannot use that proxy to vote shares at the Meeting - the proxy must be returned to the Account Administrator well in advance of the Meeting in order to have the Common Shares voted.**

Account Administrators, through their Registered Nominees (whether they are using Mail Voting, Telephone Voting, or Internet Voting or are using another system to obtain voting instructions) tabulate the results of all instructions received from their clients and vote their client's shares at the Meeting as a block according to the instructions received from all of their Beneficial Shareholder clients (typically by completing a form of "master" proxy).

NI #54-101 provides that DCPayments can seek from Account Administrators lists of their clients (only those clients that have not objected - i.e. elected to remain anonymous) who hold Common Shares of DCPayments. DCPayments is allowed to use these lists for meetings to bypass the Account Administrators and mail meeting materials directly to the Account Administrator's non-objecting beneficial shareholders, seek voting instructions from the beneficial shareholders, carry out the voting instructions received and cause Legal Proxies to be issued for those beneficial shareholders seeking to attend the meeting in person. As a result, there are now two kinds of beneficial security holders: (1) those who object to their name being made known to the issuers whose securities they own, called Objecting Beneficial Owners ("**OBOs**") and (2) those who do not object, called Non-Objecting Beneficial Owners ("**NOBOs**"). Subject to the provisions of NI #54-101 however, DCPayments can, through DCPayments' transfer agents, request and obtain a list of their NOBOs from intermediaries who hold securities on behalf of beneficial security holders. Issuers like DCPayments can obtain and use the NOBO list for distribution of proxy related materials directly to NOBOs and can obtain voting instructions directly from such beneficial security holders. DCPayments has not elected to carry out direct mailings or seek voting instructions for the materials distributed for the Meeting but might elect to do so for future meetings. Therefore both OBOs and NOBOs will continue to receive their proxy related materials directly from their Account Administrators.

All references to Shareholders in this Information Circular and the accompanying form of Proxy and Notice of Meeting are to Shareholders of record (i.e. those whose names appear in the formal register of shareholders maintained for DCPayments - referred to as a "Registered Shareholder" above) unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be made available upon request, to registered Shareholders who produce proof of their identity.

## **NOTICE-AND-ACCESS SYSTEM**

### **Types of Shareholders that DCPayments Is Using Notice-and-Access For**

DCPayments is using the "Notice-And-Access" system to send proxy related materials to beneficial shareholders of DCPayments. All beneficial shareholders are initially only provided with a "Notice-And-Access" notice (supplied by DCPayments) and a form for providing voting instructions to the intermediary (to be supplied by each intermediary). Within the group of beneficial shareholders, all shareholders will be treated the same by DCPayments (i.e. there will be no "stratification" whereby certain types of beneficial shareholders are designated to receive paper copies of some documents).

DCPayments is not using the "Notice-And-Access" system to send proxy related materials to registered shareholders of DCPayments. There are only a small number of registered shareholders so regular delivery of materials to those shareholders will be used.

### **Summary of Notice-and-Access System**

The Notice-And-Access System as used by DCPayments is expected to operate as follows:

1. The proxy related materials related to the meeting and annual continuous disclosure documents (i.e. Notice of Meeting, Proxy Statement & Information Circular, Proxy, Annual Financial Statements and Management Discussion & Analysis, and Beneficial Shareholder Mail List Request Form) are posted and available from the following web site locations:
  - (a) public securities commission site at: [www.sedar.com](http://www.sedar.com)  
(specific location of directory containing DCPayments documents:  
<http://www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00031014>);  
and
  - (b) corporate web site at:  
[http://www.valianttrust.com/securityholders/notice\\_and\\_access/meeting\\_materials.htm](http://www.valianttrust.com/securityholders/notice_and_access/meeting_materials.htm)  
(these materials will remain accessible from this web site for at least 1 year after they are first posted);
2. Access to both of these web sites is open to the public and the electronic documents located there may be viewed and/or downloaded by anyone with access to the internet.
3. If a shareholder wishes to receive a paper copy of any of the documents, the shareholders will be able to do this by sending a request using the procedure set out in the applicable Notice of Availability of Proxy Related Materials for Upcoming Shareholder Meeting. Requests for paper copies can be made for up to 1 year after the Information Circular was filed.
4. Shareholders should review all relevant documents before voting at the Meeting or providing voting instructions to an intermediary;
5. DCPayments will endeavour to mail the paper copies to a requesting shareholder within (i) 3 business days after your request is received (if the request is received before the date of the Meeting); (ii) 10 calendar days after your request is received (if the request is received after the date of the Meeting). These paper copies will be mailed from Calgary, Alberta, so a requesting shareholder needs to take into account the applicable response time plus the time it will take for mail to travel from Calgary to the requesting shareholder, (i.e. in order to determine whether the mailed materials will be received in time to use for the Meeting);
6. Shareholders who wish to vote at the Meeting must still assure that the necessary documents are delivered to allow this to happen. For example:
  - (a) for registered shareholders who are not going to attend in person, they must assure that the properly completed proxy is delivered to the DCPayments (or transfer agent) before the deadlines specified in this Information Circular and the form of management proxy;
  - (b) for non-registered shareholders who want to attend the meeting in person and vote, they must assure that the forms required by their intermediary to appoint

the non-registered shareholder as a proxy holder for the meeting are provided to the intermediary in time for the intermediary to create the necessary proxies and deposit them with Valiant Trust Company before the deadlines specified in this Information Circular;

- (c) for non-registered shareholders who want to instruct their intermediary to vote on their behalf, they must assure that voting instructions are provided to their intermediary (in one of the methods made available by the intermediary) in time for the intermediary to complete the necessary proxies and deposit them with Valiant Trust Company before the deadlines specified in this Information Circular;

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There were outstanding 16,639,279 Common Shares of DCPayments as of April 8, 2013. Each shareholder of Common Shares is entitled to one vote for each Common Share shown as registered in the shareholder's name on the list of shareholders maintained by DCPayments.

### Common Shares

The holders of the Common Shares are entitled to dividends as and when declared by the directors, to one vote per share at meetings of shareholders of DCPayments (other than class/series meetings that apply just to the holders of another class or series of shares) and to receive upon liquidation, such assets of DCPayments as are distributable to the holders of the Common Shares.

### First Preferred Shares

The Preferred Shares are issuable in series. The voting rights, dividend rights, preference rights, and rights to distributions upon liquidation can all be set by the Board of Directors at the time of authorization of a particular series of Preferred Shares. Preferred Shares (of all series) have priority over the Common Shares for entitlement to dividends and to distribution on liquidation. The rights as between various series of Preferred Shares shall be as established in the series conditions for each series of preferred shares authorized by the Directors. As of April 8, 2013 no series of Preferred Shares had been authorized by the Board of Directors of DCPayments.

To the knowledge of the directors and executive officers of the DirectCash Group, no person or company, or group of associated persons beneficially owns, directly or indirectly, or exercises control or direction over, directly or indirectly, as of April 8, 2013, voting securities carrying more than 10% of the voting rights attached to any class of voting securities or of all shares of DCPayments except as set out in the table below.

Name and Municipality of Residence	Type of Ownership	Approximate Number of voting Shares	Percentage of voting Shares Outstanding
Jeffrey J. Smith <sup>(1)</sup> Calgary, Alberta	Of Record and Beneficial	2,473,582	14.9%
Susan M. Gallacher <sup>(2)</sup> Calgary, Alberta	Of Record and Beneficial	2,174,385	13.1%
CDS & Co. <sup>(3)</sup> Toronto, Ontario	Of Record holdings of Common Shares	16,639,269	99.99%

- (1) These figures include the actual number of Common Shares held by Mr. Smith. Also included are the number of Common Shares that Mr. Smith is indirectly entitled to through his holding corporation, Atlantis Financial Corp. Amounts shown include Common Shares held for Mr. Smith in escrow (i.e. unvested Common Shares) pursuant to LTIP allocations to date (participants receive distributions from Common Shares escrowed under the LTIP until their entitlement to the Common shares is cancelled and reallocated upon ceasing employment).
- (2) These figures include the actual number of Common Shares held by Ms. Gallacher. Also included are the number of Common Shares that Ms. Gallacher is indirectly entitled to through her holding corporation, Cannonball Capital Inc. Amounts shown include Common Shares held for Ms. Gallacher in escrow (i.e. unvested Common Shares) pursuant to LTIP allocations to date (participants receive distributions from Common Shares escrowed under the LTIP until their entitlement to the Common shares is cancelled and reallocated upon ceasing employment).
- (3) Beneficial ownership of all of the Common Shares registered to CDS & Co. is not within the knowledge of DCPayments except for the holdings of the other shareholders listed in the table. Most of the shares listed for the other shareholders in this table (i.e. Mr. Smith and Ms. Gallacher) are beneficially held by such shareholders but are registered in the name of CDS - this results in some double counting in the table. See "Advice to Beneficial Shareholders".

## CAPITALIZATION

The issued and outstanding share capital of DCPayments as at December 31, 2012 was as follows:

<u>Class</u>	<u>Amount Authorized</u>	<u>Outstanding as of December 31, 2012</u>
Common	Unlimited	\$257,302,000 (16,639,279 shares)

- (1) The deficit of DCPayments as of December 31, 2012 was \$112,318,000.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The objectives of DirectCash Group's compensation program are to achieve the best overall financial results (both long term and short term) for the DirectCash Group. DirectCash Group needs to attract, retain and motivate key personnel and reward directors, officers, and employees for significant performance. This involves a cost/benefit analysis to determine what level of staffing (i.e. number of people) and compensation paid to each officer/employee is optimal to achieve the best results. Part of this analysis involves examining and picking the types of compensation (and the mix among the types) that provide the best outcome per compensation dollar spent. The primary compensation programs in use by DirectCash Group include:

- (a) basic cash salaries;
- (b) availability of basic benefit packages (i.e. dental coverage, drug coverage, small life insurance benefits, and disability coverage);
- (c) additional cash paid to match employee contributions to group RRSP plans (for

- employees who choose to participate);
- (d) discretionary year-end cash bonuses;
- (e) set cash commissions based on volumes of business achieved;
- (f) awards under DCPayments' long term incentive plan;

None of the Named Executive Officers have set cash commissions as part of their compensation package.

The compensation package for the CEO is determined by resolution of DirectCash's board of directors as a whole (with consideration of the recommendations of the Compensation, Nominating and Corporate Governance Committee). The compensation packages for the other Named Executive Officers (and other employees) are generally determined by the CEO of DirectCash or other senior management.

The basic cash salary and benefit packages are viewed by DirectCash as a necessary starting point for the compensation package of officers and employees - without these components, employee recruitment would be difficult. Amounts available for contribution to RRSP plans (the "**Group RRSP Plan**") are closely related to the basic cash salary (as they are available regardless of performance). Only officers and permanent employees of DirectCash are eligible to participate in the Group RRSP Plan. Each officer's/employee's participation in the Group RRSP Plan is at the discretion of management of DirectCash. Participants in the Group RRSP Plan may elect to contribute from a minimum of 1% to a maximum of 5% of their basic salary each month (depending on their term of service), through payroll deduction. Provided an employee has been employed by DirectCash for one year, at the end of each month, DirectCash will match a participant's contribution.

Discretionary cash bonuses are intended to provide senior management with the ability to recognize and reward individual achievement by individual officer/employees (as opposed to other compensation that might be tied to overall corporate performance/profitability).

Commissions are reserved for use to compensate sales force employees and the managers of sales force employees. These commissions need to be set at sufficient levels to attract sales personnel in competition with other businesses that use commissioned employees as part of their sales efforts. None of the Named Executive Officers receive commissions on sales as part of their compensation (although sales achievements may be taken into account as one of the considerations in setting discretionary bonuses).

The DirectCash Group does not have an option plan or program. Instead, the DirectCash Group has been using long term incentive plans (i.e. plans which provide compensation intended to serve as incentive for performance to occur over a period longer than 1 year) (an "**LTIP**").

The first LTIP was established for use from 2005 to 2010 (the "**Old LTIP**"). The last grants under the Old LTIP were finalized in March of 2011 in respect of performance from 2010. For continuing employees, the final 1/3 of the grants from March 2011 were fully vested prior to April 16, 2013.

A new form of LTIP was approved for use in respect of performance for 2011 (the "**New LTIP**").

Both LTIPs (old and new) were/are designed to reward employees that participate in it for the overall performance of DirectCash Group. Each year, the provisions of the LTIP result in a fixed

dollar amount LTIP award being payable. The participation of DirectCash Group directors, officers, and employees is expressed as a percentage of the total LTIP award. Initially, from DCPayments' perspective, the LTIP operates similar to a year end cash bonus plan since DirectCash Limited Partnership ("DirectCash LP") (under the old LTIP) or DirectCash Management Inc. ("**DMI**") (under the new LTIP) is required to pay a cash amount to the LTIP trustee. Over the course of a fiscal year and within 120 days after the end of a fiscal year DirectCash LP/DMI can make cash contributions to the Trust which DirectCash LP/DMI designates are to be used by the Plan Trustee to purchase Common Shares ("**Share Purchase Contributions**"). To avoid market disruptions and to facilitate the purchase of the Common Shares DirectCash LP/DMI may determine (in its discretion) when to make these contributions. Once these contributions are made, the Plan Trustee and the Plan Trustee's broker have the discretion to determine the most beneficial method to purchase Common Shares - DirectCash LP/DMI have no power or role to instruct the Plan Trustee with respect to when particular Common Share purchase transactions are made. The LTIP Trustee is required to purchase Common Shares in accordance with applicable rules and laws. The rights of those DirectCash Group directors, officers, and employees who are awarded a share of the LTIP is expressed as a percentage out of 100%. The percentage entitlement of the CEO is set by the Board of Directors of DCPayments with the remainder of the LTIP allocations being determined by the CEO in consultation with senior management. The long term aspect of the LTIP plan arises because of the deferred vesting provisions. The Common Shares purchased in the market are held in trust by the LTIP trustee (currently Valiant Trust) until such time as ownership vests to each participant. The Common Shares vest in increments over time. Subject to discretion of the Compensation, Nominating and Corporate Governance Committee, one-third of these Common Shares vest upon the award being determined (for example, in April 2013 in respect of the award related to the year ended December 31, 2012) and 1/3 equally on April 15 in each of the two years following the determination of the awards (for example, April 15, 2014 and April 15, 2015 in respect of the award related to the year ended December 31, 2012). LTIP participants will be entitled to receive distributions on all Common Shares held for their account prior to the applicable vesting dates. Unvested Common Shares held by the trustee for an LTIP participant will be forfeited if the participant resigns or is terminated prior to the applicable vesting date, and those Common Shares will be reallocated to other employees. Thus, the LTIP provides incentives for officers/employees to remain in DirectCash Group's employment since at any given time they could have unvested LTIP investments from LTIP grants for up to 3 different fiscal periods. The interests of LTIP participants are more aligned with Common Shareholders (since the value of their share of the LTIP goes up or down with the Common Share value).

The New LTIP is structured as an employee profit sharing plan and is currently governed by a Plan Services Agreement & Trust Indenture between DirectCash Management Inc. and Valiant Trust Company (the "**Plan Trustee**") dated December 30, 2011 (the "**Plan Services Agreement & Trust Indenture**"). In addition to the features that the New LTIP shared with the Old LTIP (summarized above), the New LTIP also includes the following features:

1. Before the end of each fiscal year DMI can designate which employees, officers & directors will be beneficiaries (the "**Beneficiaries**") and the allocation among the Beneficiaries of the trust funds contributed for that fiscal year. DMI is required to notify the Plan Trustee of the allocations within 120 days following the year end. DMI may adjust the beneficiary allocations (i.e. as previously set prior to year-end) at any time up to the time that DMI notifies the Plan Trustee. The amounts contributed pursuant to this part of the New LTIP (i.e. used to purchase Common Shares) are referred to as "**Share Purchase Contributions**". From this point forward, the Common Shares purchased by the Plan Trustee shall be internally allocated by the Plan Trustee to individual accounts

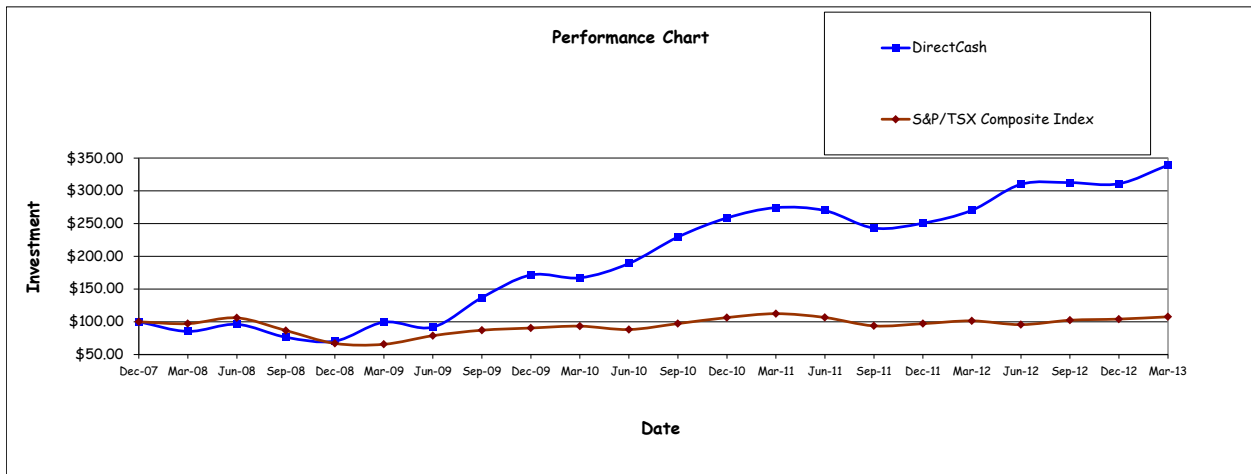
for each Beneficiary and the Beneficiaries entitlement shall be as specified in the Plan Services Agreement & Trust Indenture (as summarized below).

2. Provided that a Beneficiary remains an employee of DMI (or one of DMI's affiliates) at the relevant time, within 120 days after the end of the fiscal year following the fiscal year that a prior grant related to, the New LTIP contemplates that DMI shall make an additional cash contribution to the Trust which shall be designated by DMI to be used by the Plan Trustee to make a tax remittance on behalf of the Beneficiary ("**Tax Payment Contributions**"). The amount of this additional cash contribution shall be equal to **33%** of the amount of the original benefit attributed to the Beneficiary in respect of the prior Share Purchase Contribution. This payment is intended to provide assistance to the Beneficiary in paying the taxes that will be payable by the Beneficiary in respect of the original grant. This amount will not exactly equal the Beneficiary's incremental tax burden (which will vary depending on tax rates and the individual circumstances of the beneficiary). The Tax Payment Contribution will itself trigger a taxable benefit the following tax year but no further contributions will be made by DirectCash in the next year in respect of that incremental tax burden.

Neither the Board of Directors nor any committee of the board specifically considers the implications of the "risks" associated with the Corporation's compensation policies and practices. The Corporation does not prohibit (i.e. in terms of employment or published policies of the Corporation incorporated by reference in terms of employment) any Named Executive Officer, directors or any officers or employees of the Corporation or the Corporation's subsidiaries from purchasing financial instruments (including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds), that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by directors, officers or employees.

### Performance Graph

The following line graph illustrates that total cumulative return to Common Share holders of \$100 invested in Common Shares (Participating Trust Units of the Fund prior to January 1, 2011) (assuming the reinvestment of distributions) comparing the total cumulative return of the S&P/TSX Composite Index (total return index value/TRIV) for the period from December 31, 2007 to March 31, 2013.



	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	March 31, 2013
DCPayments	\$100.00	\$70.44	\$171.50	\$258.61	\$250.64	\$310.93	\$339.33
S&P/TSX Composite Index (TRIV)	\$100.00	\$66.97	\$90.48	\$106.41	\$97.14	\$104.13	\$107.60

- (1) The S&P TSX Composite Index (TRIV) at the end of trading on December 31, 2007 was 34,282.35.
- (2) The line graph assumes that all distributions/dividends paid are reinvested in Common Shares/Trust Units of DCPayments/the Fund.

DirectCash does not directly tie any of DirectCash's compensation components to the trading price of the Common Shares. Jeffrey J. Smith (the President and CEO) is a large shareholder and as such there is correlation between his interests and the interests of public shareholders. However, LTIP awards are invested in the DCPayments' Common Shares (with the result that the value of historical but unvested LTIP awards go up/down in lockstep with the trading value of the Common Shares).

### **Option Based Awards**

DirectCash Group does not have any Option Based Awards.

### **Compensation Governance**

The Board of Directors has constituted a Compensation, Nominating and Corporate Governance Committee, the responsibilities of which include matters related to compensation. DCPayments (and its predecessor DirectCash Income Fund through DirectCash Management Inc.) has had a Compensation, Nominating and Corporate Governance Committee since September 2004. The Compensation, Nominating and Corporate Governance Committee is not empowered to make final decisions but only to make recommendations to the Board of Directors regarding compensation matters. Typically, the compensation package for the CEO is determined by resolution of the Corporation's board of directors as a whole (with consideration of the recommendations of the Compensation, Nominating and Corporate Governance Committee). The compensation packages for the other Named Executive Officers (and other employees) are generally determined by the CEO of the Corporation. The Board of Directors has not adopted any specific policies or practices to determine the compensation for the Corporation's directors and executive officers.

The following table lists the names of all of the members of the Compensation, Nominating and Corporate Governance Committee as of April 8, 2013 and indicates whether each member is "independent" (as such term is defined in National Instrument 52-110 Audit Committees) and what direct relevant experience the member has in relation to executive compensation.



<u>Compensation, Nominating and Corporate Governance Committee Member Name</u>	<u>Is the Member "Independent"<sup>(1)</sup></u>	<u>Direct Relevant Experience<sup>(2)</sup></u>
GARY H. DUNDAS	Yes	Chairman of Compensation and Governance Committee of Athabasca Oil Sands Corporation.
LEROY E. THIESSEN	Yes	None
KEVIN W. WOLFE	Yes	None.

- (1) The determination of whether a committee member is "independent" has been made by the Board of Directors based on all information available to the Board of Directors.
- (2) The Corporation has relied on representations from the individual committee members as to the relevant direct experience.

The Compensation, Nominating and Corporate Governance Committee focuses on ensuring that human resource strategies support DirectCash's objectives and on measuring Board of Directors performance with respect to governance standards. The Compensation, Nominating and Corporate Governance Committee is responsible for reviewing compensation levels of senior management, for succession planning for the Chief Executive Officer and for providing advice to the Board of Directors concerning the general oversight of compensation and governance matters. The Compensation, Nominating and Corporate Governance Committee also assists the board in identifying individuals qualified to become board members and recommending director nominees.

The Corporation has not retained a compensation consultant or advisor at any time since the beginning of the Corporation's most recently completed financial year to assist the Corporation in determining compensation for any of the Corporation's directors or executive officers.

## Summary Compensation Table

As of December 31, 2012 the Corporation had 8 executive officers in Canada. The following table discloses, for the periods indicated, total compensation received by the following executive officers: the President and Chief Executive Officer, the Chief Financial Officer, the Chief Technical Officer, the Chief Operating Officer and the Vice President I.T. and Security (collectively the “Named Executive Officers” or “NEO’s”). The Named Executive Officers were the five highest paid executive officers of DirectCash Group during 2012.

As of December 31, 2012 the Corporation also had 3 executive officers in the United Kingdom and Australia, including Stephen D. Allanson, Managing Director and Matthew J. Thomas, Chief Operating Officer for Australia and Tim G. Wilder, Managing Director for the United Kingdom. Compensation of these three individuals has not been reported as their services commenced on acquisition of the related affiliates during 2012. However, it is anticipated that these three individuals, in addition to the President and Chief Executive Officer and Chief Financial Officer will comprise the NEO’s for the full 2013 calendar year. See “*Termination and Change of Control Benefits*”.

SUMMARY COMPENSATION TABLE									
Named Executive Officer  Name and Principal Position  (a)	Year Ended  (b)	Salary (\$)  (c)	Share Based Awards (\$)  (d)	Option Based Awards (\$)  (e)	Non-Equity Incentive Plan Compensation (\$) (f)		Pension Value (\$)  (g)	All Other Compensation  (h)	Total Compensation  (i)
					Annual Incentive Plans (f1)	Long Term Incentive Plans (f2)			
Jeffrey J. Smith President, Chief Executive Officer, & Director	2012	650,000	675,000	Nil	1,000,000	Nil	Nil	Note (5)	2,325,000
	2011	500,000	600,000	Nil	350,000	Nil	Nil	Note (5)	1,450,000
	2010	383,333	600,011	Nil	300,000	Nil	Nil	Note (5)	1,283,344
Brian B. Kathol Chief Financial Officer (CFO: June 6, 2011 - Jan. 15, 2013)	2012	175,000	N.A.	Nil	70,000	N.A.	Nil	Note (5)	245,000
	2011	98,256	28,125	Nil	37,500	9,375	Nil	Note (5)	173,256
	2010	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Joseph Xu Chief Technical Officer	2012	125,000	63,772	Nil	50,000	21,257	Nil	Note (5)	260,029
	2011	125,000	63,750	Nil	40,000	21,250	Nil	Note (5)	250,000
	2010	120,000	85,011	Nil	35,000	Nil	Nil	Note (5)	240,011
Todd M. Schneider Chief Operating Officer	2012	140,000	30,015	Nil	35,000	10,005	Nil	Note (5)	215,020
	2011	140,000	30,000	Nil	45,000	10,000	Nil	Note (5)	225,000
	2010	140,000	80,012	Nil	42,000	Nil	Nil	Note (5)	262,012
Adel Elassal Vice President, I.T. & Security	2012	114,792	56,262	Nil	85,000	18,754	Nil	Note (5)	274,808
	2011	107,500	28,125	Nil	55,000	9,375	Nil	Note (5)	200,000
	2010	102,500	38,617	Nil	25,000	Nil	Nil	Note (5)	166,117

Explanatory Notes:

- (1) Column C (Salary) includes all amounts deferred (for payment in a subsequent year) at the election of the director or officer in the year earned rather than the year paid.
- (2) Column D (Share Based Awards) includes amounts pursuant to DirectCash Group's LTIP plan, payable in shares. One type of LTIP payment (Share Purchase Contribution) made by DirectCash LP or DMI to the LTIP trustee is then invested in Common Shares which are then allocated to the individual LTIP award recipients.

Amounts reflected for 2010 represent targeted values under the old LTIP plan. Shares were allocated in 2011 and vested as to 1/3 each in April, 2011, 2012 and 2013. Shares issued were as follows: Mr. Smith – 29,411 shares, Mr. Xu – 4,167 shares, Mr. Schneider – 3,922 shares and Mr. Elassal – 2,044 shares.

Amounts reflected for 2011 represent targeted values under the new LTIP plan. Shares were allocated in 2012 and vested or will vest as to 1/3 each in March, 2012, April, 2013 and April, 2014. Shares issued were as follows: Mr. Smith – 27,710 shares, Mr. Kathol – 1,376 shares, Mr. Xu – 3,119 shares, Mr. Schneider – 1,468 shares and Mr. Elassal – 1,376 shares.

Amounts reflected for 2012 represent targeted values under the new LTIP plan. Shares were allocated in 2013 and vested or will vest as to 1/3 each in April, 2013, 2014 and 2015. Shares issued were as follows: Mr. Smith – 28,134 shares, Mr. Xu – 2,658 shares, Mr. Schneider – 1,251 shares and Mr. Elassal – 2,345 shares.

- (3) Column F1 (Annual Incentive Plans) includes any discretionary cash awards paid during the fiscal year. Column F1 includes \$500,000 for Mr. Smith granted as a special bonus in 2012 for completion of the acquisitions of Customers Limited and InfoCash Holdings Limited.
- (4) Column F2 (Long Term Incentive Plans) includes amounts pursuant to DirectCash Group's LTIP plan, payable in cash. The second type of LTIP payment (Tax Payment Contribution) is equal to 33% of the prior year's Share Purchase Contribution but is only paid (i.e. contingent) if the NEO is allocated Common Shares in respect of the prior year. Amounts reflected for 2011 include the additional Tax Payment Contribution, where applicable, that was payable in 2013 in respect of shares allocated in March, 2012. Amounts reflected for 2012 include the additional Tax Payment Contribution, where applicable, that will be payable in 2014 in respect of shares allocated in April, 2013.
- (5) The total amount of perquisites, including property or other personal benefits, (i.e. one of the components of "Other Annual Compensation) did not exceed the lesser of \$50,000 and 10% of the salary of the named officer. The dollar amount of other forms of "Other Annual Compensation", if any, are included in this column, as are the employer portion of any matching payments made under the Group RRSP Plan.
- (6) The Summary Compensation table includes disclosure with respect to executives for years in which the executive was not employed for the entire year. The actual number of months such executives were employed is as follows:

Executive Name	Financial Year Only Partially Employed	Number of Months Employed in that Year
Brian B. Kathol <sup>(a)</sup>	2010	0
	2011	7

(a) Brian Kathol started as CFO of DCPayments on June 6, 2011 and ceased to be CFO on January 15, 2013.

- (7) See "Director Compensation" for disclosure of compensation paid to directors solely in their capacity as directors. Mr. Smith does not receive any compensation for his role as a director.

**Outstanding Share Based Awards and Option Based Awards**

DirectCash Group does not have any compensation programs that result in Option Based Awards. However, as discussed above, the cash awards under DirectCash LP's (for 2010 and prior years) and DMI's (for 2011 and subsequent years). Long Term Incentive Plan ("LTIP") are

invested in Common Shares (previously Participating Trust Units of the Fund) which vest to the LTIP recipients over time. The following table (under the "Share Based Awards" section) discloses the number of Common Shares and their market value as of December 31, 2012 allocated to the Named Executive Officers under the LTIP. These figures only set out unvested Common Shares (i.e. the portion that would be forfeited if the recipient ceased to be employed). Each recipient's number is calculated by cumulating 1/3 of the grant in respect of calendar year 2010 performance (i.e. the award granted in March 2011) and 2/3 of the grant in respect of calendar year 2011 performance (i.e. the award granted in March 2012) and 100% of the grant in respect of calendar year 2012 performance (i.e. the award granted in April 2013).

INCENTIVE PLAN AWARDS							
Named Executive Officer Name	Option Based Awards				Share Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In the Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market Or Payout Value of Share Based Awards That Have Not Vested (\$)	Market Or Payout Value of Vested Share Based Awards Not Paid Out or Distributed (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Jeffrey J. Smith President, Chief Executive Officer, & Director	Nil	Nil	Nil	Nil	56,411	\$1,318,889	Nil
Brian B. Kathol Chief Financial Officer (June 6, 2011 - Jan 15, 2013)	Nil	Nil	Nil	Nil	917	\$21,439	Nil
Joseph Xu Chief Technical Officer	Nil	Nil	Nil	Nil	6,126	\$143,226	Nil
Todd M. Schneider Chief Operating Officer	Nil	Nil	Nil	Nil	3,538	\$82,718	Nil
Adel Elassal Vice President, I.T. & Security	Nil	Nil	Nil	Nil	3,753	\$87,745	Nil

- (1) Market Value is calculated using the Common Share closing trading value for December 31, 2012 of \$23.38.
- (2) Mr. Kathol's unvested grants were forfeited on January 15, 2013.
- (3) Vesting schedule is as follows:

Officer:	2013	2014	2015
Jeffrey J. Smith	28,419	18,614	9,378
Joseph Xu	3,315	1,925	886
Todd M. Schneider	2,214	907	417
Adel Elassal	1,731	1,240	782

## Incentive Plan Awards - Value Vested Or Earned During The Year

The following table sets out valuation information concerning all incentive plan awards vested/earned during the year ended December 31, 2012.

<b>INCENTIVE PLAN AWARDS - VALUE VESTED OR EARNED DURING THE YEAR</b>			
Named Executive Officer Name (a)	Option Based Awards Value Vested During The Year (\$) (b)	Share Based Awards Value Vested During The Year (\$) (c)	Non-Equity Incentive Plan Compensation Value Earned During The Year (\$) (d)
Jeffrey J. Smith President, Chief Executive Officer, & Director	Nil	\$574,013	\$1,000,000
Brian B. Kathol Chief Financial Officer (June 6, 2011 - Jan 15, 2013)	Nil	\$9,939	\$79,932
Joseph Xu Chief Technical Officer	Nil	\$75,857	\$72,512
Todd M. Schneider Chief Operating Officer	Nil	\$62,253	\$68,096
Adel Elassal Vice President, I.T. & Security	Nil	\$27,437	\$94,932

- (1) Column (c) includes the deemed value of the recipient's share of the LTIP awards that vested during 2012 and column (d) includes the the discretionary cash bonus paid during 2012 plus the Tax Payment Contribution in respect of 2011 LTIP grants that was remitted by DirectCash in February 2013 (Column F1 under the Summary Compensation Table).

## Terms and Operation of Incentive Plan Awards

### Purpose of the Long Term Incentive Plan

The purpose of the LTIP is to encourage ownership of the Common Shares of DCPayments, enhance the Corporation's ability to attract, retain and motivate key personnel and reward senior management for significant performance.

### Eligibility

All employees, officers and directors of DirectCash Group or one of its affiliated entities, including those who are only employed by non-Canadian affiliates, are eligible for participation in the LTIP. Participation of select individuals is determined on an annual basis. DCPayments' Compensation, Nominating and Corporate Governance Committee has the power to, among other things: (i) determine those individuals who are eligible to participate in the LTIP, which shall include, for fiscal 2013, DCPayments' President and Chief Executive Officer (i.e. Mr.

Jeffrey J. Smith), Chief Financial Officer (i.e. Ms. Brenda G. Hughes), Vice President I.T. and Security (i.e. Mr. Adel Elassal), Chief Operating Officer (i.e. Mr. Todd M. Schneider), Chief Technical Officer (i.e. Mr. Joseph Xu), each of the other members of the DCPayments Board of Directors and such other key employees as may be put forward by management; and (ii) determine the level of participation of each participant. The total amount payable under the New LTIP is determined at the discretion of DirectCash.

### Dividends

LTIP participants are entitled to receive dividends on all Common Shares held for their account prior to the applicable vesting dates. Dividends are paid at the same dividend rate that applies to all holders of Common Shares.

### Effect of termination of employment

Unvested Common Shares held by the trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those Common Shares will be reallocated to other employees who qualify under the LTIP.

### Payment of income taxes

Starting for 2011, the LTIP also contemplates that an additional contribution (referred to as the "Tax Payment Contribution") equal to 1/3 of the prior year's "Share Purchase Contribution" shall be made within 120 days after the end of the fiscal year following the fiscal year that a prior grant related to if certain conditions are met. The Tax Payment Contribution is paid directly to Canada Revenue Agency as an instalment of income tax for each recipient (to be applied against the recipient's income tax bill for the year in which the Share Purchase Contribution is taxed to the recipient).

### Determination of awards

Initially, the award of the LTIP to each participant is expressed as a percentage of the total cash available for LTIP payments. The actual total cash contribution for the LTIP is determined after year end in conjunction with preparation of the year end financial statements. However, DMI may forward cash advances to the Trustee during the year to make purchases of Common Shares (to avoid purchases being forced into too short of a time period in March/April). Once all the Common Shares are purchased, the actual number of shares attributable to each LTIP participant shall be calculated.

Since inception of the new LTIP plan, DCPayments has funded the LTIP and repurchased common shares in the open market of \$1.35 million (62,345 shares granted March, 2012) and \$1.2 million (49,139 shares granted March, 2013).

### **Pension Plan Benefits**

DirectCash Group has no pension plans for DirectCash Group's directors, officers or employees.

## Deferred Compensation Plans

DirectCash Group has no deferred compensation plans for DirectCash's directors, officers or employees.

## Termination and Change of Control Benefits

DirectCash has not entered into any agreements with Named Executive Officers that contain termination and change of control benefits other than:

- (a) the employment agreement entered into with Jeffrey J. Smith for the period commencing July 1, 2008 and amended November 8, 2010 pursuant to which Jeffrey J. Smith continues to act as President and CEO. The employment agreement has no set termination date but may be terminated by either party on notice to the other, and automatically terminates on death. Mr. Smith may terminate the employment agreement with 60 days written notice. DirectCash may terminate the employment agreement immediately if there is "just cause". DirectCash may also terminate the employment agreement at any time even in the absence of "just cause" subject to payment to Mr. Smith of a termination payment equal to the greater of (i) \$500,000 and (ii) 150% of the current salary plus 150% of the last calendar year's bonuses (if any) (the "**Retiring Allowance Payment**") plus 15% of current salary to compensate for the loss of employee benefits. The Retiring Allowance Payment is also payable if Mr. Smith terminates employment voluntarily within 6 months after a change of control, as defined in the agreement, if: (a) an event occurs that constitutes constructive dismissal, (b) there is a material reduction in benefits or remuneration, (c) DirectCash breaches a material provision of the employment agreement, or (d) there is a material change in the employee's position or duties, responsibilities, title or office. The executive employment agreement for Mr. Smith provides for confidentiality, non-solicitation and non-compete covenants in DirectCash's favour during the term of employment and for 12 months following termination of employment; and
- (b) the Director's Service Agreement entered into with Tim Wilder dated February 15, 2013 pursuant to which Mr. Wilder acts as Managing Director of European operations. The agreement has no set termination date but may be terminated by either party on notice to the other, and automatically terminates on death. Notice periods required by both parties are twelve calendar months or, in the case of the Corporation, payment in lieu thereof. No other amounts are due and payable to Mr. Wilder on termination of employment, and the contract does not include change of control provisions.

Executive officers are also entitled to participate in DirectCash's benefit packages and the LTIP.

## Director Compensation

Non-executive Directors of DCPayments are paid an annual retainer fee of \$12,500 and \$750 for attendance (either in person or by teleconference) at board or committee meetings. In addition, each director who serves as the chairman of a committee of the Board receives additional compensation of \$2,500 per year. Non-executive Directors also received annual LTIP awards and are also entitled to be reimbursed for all reasonable expenses incurred in order to attend such meetings. In April, 2013 the non-executive directors collectively received a total of \$325,020 in 2012 LTIP grants (\$243,765 in Share Purchase Contributions plus \$81,255 in corresponding expected future Tax Payment Contributions). Certain executive officers (see disclosure tables above) who are also directors receive compensation in their capacity as officers and employees of DirectCash Group.

The following table provides information regarding all compensation provided to the non-executive Directors of DCPayments for the year ended December 31, 2012.

NON-EXECUTIVE DIRECTOR COMPENSATION							
Director Name	Fees Earned (\$)	Share Based Awards <sup>(2)</sup> (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation <sup>(2)</sup> (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Gary H. Dundas <sup>(1)</sup>	\$50,500	\$48,753	Nil	\$16,251	Nil	Nil	\$115,504
Susan M. Gallacher <sup>(1)</sup>	\$32,250	\$48,753	Nil	\$16,251	Nil	Nil	\$97,254
R. Bradley Hurtubise <sup>(1)</sup>	\$108,000	\$48,753	Nil	\$16,251	Nil	Nil	\$173,004
Leroy E. Thiessen	\$22,250	\$48,753	Nil	\$16,251	Nil	Nil	\$87,254
Kevin W. Wolfe	\$25,500	\$48,753	Nil	\$16,251	Nil	Nil	\$90,504

(1) Includes special committee and other fees paid during 2012 in respect of assistance with due diligence on the acquisition of Customers Limited and the financing related thereto.

(2) Amounts reflected for 2012 represent targeted values under the new LTIP plan. Shares were allocated in 2013 and vested or will vest as to 1/3 each in April, 2013, 2014 and 2015. Each non-executive Director was allocated 2,032 shares. Ms. Gallacher's shares vest as to 100% in April, 2013. Future Tax Payment Contributions will be paid in 2014.

DirectCash Group does not have any compensation programs that result in Option Based Awards. However, as discussed above, the cash awards under DMI's Long Term Incentive Plan ("LTIP") are invested in Common Shares which vest in the LTIP recipients over time. The following table (under the "Share Based Awards" section) discloses the number of Common Shares and their market value as of December 31, 2012 to the Directors of DCPayments (other than Named Executive Officers whose information is already provided above). These figures only set out unvested Common Shares (i.e. the portion that would be forfeited if the recipient ceased to be employed). Each recipient's number is calculated by cumulating 1/3 of the grant in respect of calendar year 2010 performance (i.e. the award granted in March 2011) and 2/3 of the grant in respect of calendar year 2011 performance (i.e. the award granted in March 2012) and 100% of the grant in respect of calendar year 2012 performance (i.e. the award granted in April 2013).



<b>INCENTIVE PLAN AWARDS – NON-EXECUTIVE DIRECTORS</b>						
Director Name	Option Based Awards				Share Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In the Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market Or Payout Value of Share Based Awards That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Gary H. Dundas	Nil	Nil	Nil	Nil	4,072	\$95,203
Susan M. Gallacher	Nil	Nil	Nil	Nil	4,072	\$95,203
R. Bradley Hurtubise	Nil	Nil	Nil	Nil	4,072	\$95,203
Leroy E. Thiessen	Nil	Nil	Nil	Nil	4,072	\$95,203
Kevin W. Wolfe	Nil	Nil	Nil	Nil	4,072	\$95,203

- (1) Market Value is calculated using the Common Share closing trading value for December 31, 2012 of \$23.38.
- (2) Ms. Gallacher is not standing for re-election.
- (3) Vesting schedule is as follows:

Director:	2013	2014	2015
Gary H. Dundas	2,106	1,289	677
Susan M. Gallacher	4,072	-	-
R. Bradley Hurtubise	2,106	1,289	677
Leroy E. Thiessen	2,106	1,289	677
Kevin W. Wolfe	2,106	1,289	677

The following table sets out valuation information concerning all incentive plan awards vested/earned during the year ended December 31, 2012.

<b>INCENTIVE PLAN AWARDS - VALUE VESTED OR EARNED DURING THE YEAR NON-EXECUTIVE DIRECTORS</b>			
Named Executive Officer Name	Option Based Awards Value Vested During The Year (\$)	Share Based Awards Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation Value Earned During The Year (\$)
(a)	(b)	(c)	(d)
Gary H. Dundas	Nil	\$45,578	\$13,245
Susan M. Gallacher	Nil	\$45,578	\$13,245
R. Bradley Hurtubise	Nil	\$45,578	\$13,245
Leroy E. Thiessen	Nil	\$45,578	\$13,245
Kevin W. Wolfe	Nil	\$45,578	\$13,245

- (1) Column (c) includes the deemed value of the recipient's share of the LTIP awards that vested during 2012 and column (d) includes the Tax Payment Contribution in respect of 2011 LTIP grants that was remitted by DirectCash in February 2013.

The terms of DCPayments' incentive plans have already been described above in the sections containing disclosure regarding the Named Executive Officers.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In 2005, the Canadian Securities Administrators (the "**CSA**") issued National Instrument 58-101, Disclosure of Corporate Governance Practices and the accompanying National Policy 58-201, Corporate Governance Guidelines (the "**CSA Corporate Governance Rules**"). For the most part the CSA Corporate Governance Rules do not mandate particular governance practices but rather require detailed disclosures of the governance practices that have been adopted by DirectCash. The following descriptions of corporate governance practices of DCPayments is made with reference to the applicable form requirements of CSA Corporate Governance Rules (form 58-101F1).

### 1. Board of Directors.

- (a) **Independent Directors.** The following current and proposed directors are "independent" within the meaning of NI 58-101 (Disclosure of Corporate Governance Practices) and NI 52-110 (Audit Committees): Gary H. Dundas, Susan M. Gallacher, R. Bradley Hurtubise, Barry G. Sechos, Leroy (Lee) E. Thiessen, and Kevin W. Wolfe. The management of DCPayments believe that their interpretation of NI 58-101 and NI 52-110, to conclude that 5 of the Directors of DCPayments are independent is in accordance with such instruments. As such, these Directors are able to exercise independent oversight of DirectCash Group's business in the manner contemplated by NI 58-101 and NI 52-110.
- (b) **Non-Independent Directors.** The following current and proposed director is not "independent" within the meaning of NI 58-101 (Disclosure of Corporate Governance Practices): Jeffrey J. Smith. Mr. Smith does not qualify as independent because he is an executive officer of DirectCash.
- (c) **Majority Independent?** A majority of the Board of Directors is independent.
- (d) **Directorships with other Listed/Reporting Issuers.** None of the current or proposed directors is a director of any other listed/reporting issuer in any jurisdiction except as listed in the following table:

Current (or Proposed) Director of DirectCash	Other Reporting/Listed Issuer(s) that Director is a Director for:
Gary H. Dundas	Spyglass Resources Corp. an oil & gas exploration and production corporation listed on the TSX (Toronto Stock Exchange). Athabasca Oil Sands Corporation an oil sands corporation listed on the TSX.
R. Bradley Hurtubise	Eaglewood Energy Inc., an oil & gas corporation listed on the TSX Venture Exchange. Ithaca Energy Inc., an oil & gas corporation listed on the TSX and London AIM.

- (e) **Independent Director Meetings.** The independent directors of DCPayments (and DirectCash Management Inc. prior to January 1, 2011) do hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The number of such meetings (not including short in camera break off sessions by independent directors as part of larger

director meetings) held between January 1, 2012 (the beginning of the issuer's most recently completed financial year) and April 8, 2013 was 0.

- (f) **Chair Independent?** The Lead Director of the Board of Directors (Kevin W. Wolfe) is independent. DirectCash does not have a Chairman (choosing to use the position/title of Lead Director instead).
- (g) **Director Attendance Records.** The following table discloses the attendance record of each director for directors meetings held between January 1, 2012 (the beginning of the issuer's most recently completed financial year) and April 8, 2013.

<b>Director of DirectCash</b>	<b>Full Board Meetings</b>	<b>Committee Meetings</b>
Gary H. Dundas	5 in person and 6 by telephone out of 11 total meetings	7 in person and 1 by telephone out of 8 total meetings
Susan M. Gallacher	5 in person and 6 by telephone out of 11 total meetings	N.A.
R. Bradley Hurtubise	5 in person and 6 by telephone out of 11 total meetings	4 in person and 1 by telephone out of 5 total meetings
Jeffrey J. Smith	5 in person and 6 by telephone out of 11 total meetings	N.A.
Leroy E. Thiessen	5 in person and 6 by telephone out of 11 total meetings	3 in person and 0 by telephone out of 3 total meetings
Kevin W. Wolfe	5 in person and 6 by telephone out of 11 total meetings	7 in person and 1 by telephone out of 8 total meetings

2. **Board Mandate.**

The Board of Director's written mandate is set out in Schedule "A" as part of the DirectCash Governance Principles & Guidelines.

3. **Position Descriptions.**

- (a) The Board of Directors has developed written position descriptions for the Lead Director and for Committee Chairs as part of the DirectCash Governance Principles and Guidelines (which are attached as Schedule "A").
- (b) The Board of Directors has developed a written position description for the Chief Executive Officer as part of the DirectCash Governance Principles and Guidelines (which are attached as Schedule "A").

4. **Orientation and Continuing Education.**

- (a) DCPayments' Compensation, Nominating and Corporate Governance Committee had primary responsibility for the orientation and continuing education of Board of

Directors members. New Board of Directors members are provided orientation over a period of time, including presentations by senior management to familiarize new directors with the business of DCPayments (and the subsidiary entities of DCPayments). New board members are provided an information package which includes public disclosure documents of DCPayments for the past 12 months; governance policies and procedures; code of ethics; DCPayments constating documents; Board and Committee meeting minutes and resolutions for the past 12 months; contact information for DCPayments' officers, auditors and legal counsel; reporting and Board meeting calendar and all other relevant policy statements. A more complete description of new director orientation can be found in the Board of Directors' mandate.

- (b) Board of Directors members are encouraged to enrol in seminars and courses which are pertinent to their duties. In addition, continuing education is provided to Board of Directors members through the provision of literature in respect of corporate governance developments.

#### 5. **Ethical Business Conduct.**

- (a) The Board of Directors has adopted a written Code of Business Conduct & Ethics for the directors, officers and employees of DCPayments (and affiliated and associated entities). Upon written request to DCPayments' Chief Financial Officer, a copy of the Code of Business Conduct & Ethics will be made available to interested parties. DCPayments' Compensation, Nominating and Corporate Governance Committee is responsible for monitoring compliance with the Code of Business Conduct & Ethics and may at their discretion ask employees, directors and officers to verify their compliance.
- (b) If, at any Board of Directors meeting a director or executive officer has a material interest in a matter being considered, such director or officer would not be present for discussions relating to the matter and would not participate in any vote on the matter.
- (c) The Board of Directors has adopted a formal Whistleblower Policy to encourage employees, directors and officers to bring forward on a confidential basis knowledge of instances where the Code of Business Conduct & Ethics has been violated.

#### 6. **Nomination of Directors.**

- (a) Nominees for directors are initially considered and recommended by the Compensation, Nominating and Corporate Governance Committee, approved by the entire Board of Directors and then proposed by management to shareholders in the proxy selection materials. In between shareholder meetings, the Board of Directors may also fill vacancies and add directors (up to 1/3 of the number previously approved by the shareholders) without the need of a shareholder vote.
- (b) DCPayments has established a Compensation, Nominating and Corporate Governance Committee, the mandate of which includes responsibility for nomination of Directors. All of the current members of DCPayments'

Compensation, Nominating and Corporate Governance Committee are independent directors.

- (c) The Compensation, Nominating and Corporate Governance Committee is responsible for the setting and review of remuneration and performance relative to set guidelines of the Chief Executive Officer and for the approval of awards under the Long Term Incentive Plan to employees, officers and directors. In addition, they are responsible for the orientation and continuing education of new directors, the nomination of directors to the Board of Directors and for developing and maintaining governance principles consistent with high standards of corporate governance. This includes the monitoring of best practices for governance and annual review of governance practices and disclosures.

## 7. **Compensation.**

- (a) The Compensation, Nominating and Corporate Governance Committee's mandate includes determining the compensation of directors and officers. In determining the compensation for directors and select officers, the Compensation, Nominating and Corporate Governance Committee considers comparative industry data and whether compensation arrangements promote Shareholder value. For information on directors and officers compensation, see "Statement of Executive Compensation" above.
- (b) All of the current members of DCPayments' Compensation, Nominating and Corporate Governance Committee are independent directors.
- (c) The Compensation, Nominating and Corporate Governance Committee is responsible for reviewing and approving and then recommending to the Board of Directors compensation for the Chief Executive Officer and Directors, including annual bonuses and awards under the Long-Term Incentive Plan. This Committee is responsible for the periodic review of DirectCash Group's policies in the areas of management benefits and perquisites. In determining the compensation for select executive and directors, this Committee considers comparative industry data and whether compensation arrangements promote the creation of shareholder value.
- (d) The Compensation, Nominating and Corporate Governance Committee has not utilized the services of an external compensation consultant or advisor to assist in determining select officer and director compensation levels or advisor at any time since the beginning of DCPayments' most recently completed financial year.

## 8. **Other Board Committees.**

The committees established by the Board of Directors of DCPayments include the Audit Committee and the Compensation, Nominating and Corporate Governance Committee.

## 9. **Assessments.**

The Compensation, Nominating and Corporate Governance Committee is responsible for assessing the effectiveness of the Board of Directors as a whole, its committees and individual directors. Given the relatively small size of the Board of Directors, the

assessment process is informal in nature. The Board of Directors satisfies itself as to effectiveness through ongoing review through general discussion on at least a quarterly basis of contribution and performance of committees and individual directors.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

DirectCash Group does not have any Equity Compensation Plans under which equity securities of DCPayments are authorized for issuance. DirectCash Group's LTIP requires that Common Shares required for the LTIP be purchased in the open market (i.e. they are not issued from treasury).

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

**Since the beginning of the last completed financial year, no director, proposed nominee for election as a director, senior or executive officer, former director or former senior or executive officer of any of the DirectCash Group, or any associate or affiliate of any of them, has been or are indebted to the DirectCash Group or to any other entity which is, or at any time since the beginning of the last completed financial year was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by DCPayments or any of DCPayments' subsidiaries.**

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

There were no material interests, direct or indirect, of directors, proposed nominees for election as a director, executive officers, any person who beneficially owns, directly or indirectly, or exercises control or direction over, directly or indirectly, securities carrying more than 10% of the voting rights attaching to the voting shares of DCPayments, or any known associate or affiliate of these persons, in any transaction since the commencement of the last completed financial year (which ended December 31, 2012) or in any proposed transaction which has materially affected or would materially affect DirectCash Group and which is not otherwise disclosed herein except for:

- (a) A services, employee secondment and marketing agreement was previously entered into between DirectCash Bank ("**DC Bank**") and DirectCash Management Inc. on November 6, 2007 and amended effective January 1, 2010. The sole shareholder of DC Bank is 6676405 Canada Ltd. (which is a corporation owned by Susan M. Gallacher and Jeffrey J. Smith). Susan M. Gallacher (who was Executive Vice President of DirectCash Management Inc. until December 31, 2007) is the President of DC Bank and is no longer an employee of DirectCash Group. Three of DirectCash's directors (Susan M. Gallacher, Jeffrey J. Smith and Gary H. Dundas) are also Directors of DC Bank.
- (b) DirectCash Processing Partnership has provided a guarantee of a credit line provided to DC Bank by a financial institution. In addition, DirectCash Processing Partnership is responsible for an outstanding letter of credit issued through DirectCash's bank lender in favour of MasterCard International in the amount of U.S. \$5.3 million.

Furthermore, there are no other material interests, direct or indirect, of any director, senior officer, or any person who beneficially owns, directly or indirectly or exercises control or direction over, directly or indirectly, securities carrying more than 10% of the voting rights attaching to the voting shares of DCPayments, or any of their known associates or affiliates in

any transaction involving DirectCash Group which have not been previously disclosed in any information circular.

### **MANAGEMENT CONTRACTS**

DirectCash Group has no "management contracts" (i.e. contracts where management functions of DCPayments or any subsidiary are to any substantial degree performed by a person other than the directors and executive officers of DirectCash Group).

### **DISCLOSURE OF STATUS OF OUTSTANDING FINANCIAL ASSISTANCE TO DIRECTORS, SHAREHOLDERS AND SHARE PURCHASERS**

As of December 31, 2012 and April 8, 2013 DirectCash Group did not have any "financial assistance" (as that term is defined in Section 45(1) of the ABCA) outstanding to directors, shareholders or persons who acquired shares of DCPayments:

### **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Management of DirectCash Group is not aware of any material interest of any director, nominee for director, executive officer or anyone who has held office as such since the beginning of DCPayments' last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors of DCPayments for the ensuing year.

### **ADDITIONAL INFORMATION**

Additional information, including information respecting the business of DirectCash Group, recent acquisitions and dispositions, analysis of financial position and results of operations, capital expenditures and investments and government regulation, is contained in DCPayments':

- Annual Information Form for Fiscal Year December 31, 2012 (Form 51-102F2);
- Annual Management's Discussion and Analysis for Fiscal Year December 31, 2012;
- Comparative consolidated annual financial statements for the Fiscal Year December 31, 2012.

All of the foregoing documents have been filed with securities regulators (through SEDAR) and are available for viewing by electronic means through the SEDAR website ([www.sedar.com](http://www.sedar.com)). Copies of these documents and additional copies of this Information Circular will be available at the Meeting and may also be obtained upon request from the Chief Financial Officer of DCPayments at Bay #6, 1420 - 28th Street N.E., Calgary, Alberta, T2A 7W6.

### **AUDIT COMMITTEE AND EXTERNAL AUDITOR MATTERS**

Reference should be made to DCPayments' Annual Information Form (section entitled "Audit Committee And External Auditor Matters") for the period ended December 31, 2012 filed on SEDAR and dated March 16, 2013 for disclosures required under National Instrument 52-110 and Form 52-110F1.

### **MATTERS TO BE ACTED ON AT THE MEETING - PRESENTATION OF ANNUAL FINANCIAL STATEMENTS**

Pursuant to the provisions of the ABCA, the annual financial statements for the year ended December 31, 2012 and the auditors report thereon will be presented to the shareholders at the

Meeting. No vote by the shareholders with respect to the annual financial statements is required or proposed to be taken at the Meeting.

## **MATTERS TO BE ACTED ON AT THE MEETING - SETTING NUMBER OF AND ELECTION OF DIRECTORS**

### **No Majority Voting Policy**

DCPayments has not yet adopted a majority voting policy for the election of directors for non-contested meetings, whereby if the number of securities withheld from voting for a particular director nominee exceeds the number of securities voted for the election of that director nominee, then such elected director would typically be expected to tender his or her resignation. The Corporation considers that the Corporation's director nominees represent the appropriate set of individuals and skill sets that are suitable for a well-balanced and competent board of directors. The Compensation, Nominating and Corporate Governance Committee, which oversees the director election process, is composed of a majority of independent Directors who use their best efforts to ensure that the Corporation's directors are qualified, effective and accountable. The Corporation believes that shareholder meetings are the best forum for shareholders to make their concerns known to the Board of Directors, ask questions, make comments and assert their rights. Shareholders also have the opportunity to make additional nominations for directors by following the required procedure.

### **Election of Directors**

The number of directors of DCPayments is currently fixed at 6. At the Meeting it is proposed that the number of directors to be elected be confirmed to be set at 6 and that 6 directors be elected to hold office until the next Annual Meeting at which directors are elected or until their successors are elected or appointed. There are currently 6 directors.

Unless otherwise directed, it is the intention of management to vote proxies in favour of setting the number of directors at 6 and the election of Gary H. Dundas, R. Bradley Hurtubise, Barry G. Sechos, Jeffrey J. Smith, Leroy E. Thiessen and Kevin W. Wolfe as directors.

The management of DirectCash Group has no reason to believe that any of the 6 nominees will be unable to serve as a director but, in the event that a vacancy among the original nominees occurs for any reason prior to the Meeting, the persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed proxyholder in accordance with their best judgment.

The following are the names and municipalities of residence of the persons proposed to be nominated for election as directors, their position and offices with DCPayments, their principal occupations during the last five years and the number of voting shares of DCPayments beneficially owned, directly or indirectly, or over which control or direction is exercised, directly or indirectly, by each as of April 8, 2013. The information contained herein as to securities beneficially owned by the respective nominees is based upon information furnished to DCPayments by the respective nominees.



Name and Municipality of Residence	Office <sup>(1)</sup>	Principal Occupation, Business or Employment, Positions During the Last Five Years	DCPayments Common Shares Beneficially Owned, Controlled or Directed (Directly or Indirectly) <sup>(2)</sup>
Jeffrey J. Smith Calgary, Alberta, Canada	President, Chief Executive Officer, & Director Since February 3, 2004	President and C.E.O. of DirectCash and predecessors from 1997 to present.	2,473,582
Gary H. Dundas <sup>(3)(4)</sup> Calgary, Alberta, Canada	Director Since October 28, 2004	Director of Spyglass Resources Corp. (a TSX listed oil & gas exploration corporation) from March, 2013 to present. Director of Athabasca Oil Sands Corp. (a TSX listed oil sands corporation) from August 23, 2006 to present. Director of Mahalo Energy Ltd. from April 21, 2004 to present (an oil & gas issuer previously listed on the TSX). V.P. Finance, C.F.O. and Director of Avenex Energy Corp. (and predecessors), (a TSX listed oil & gas exploration and production corporation) from January 2003 to March, 2013.	31,226
R. Bradley Hurtubise <sup>(3)</sup> Calgary, Alberta, Canada	Director Since November 7, 2007	C.E.O. & a Director of Eaglewood Energy Inc. (a TSX Venture Exchange listed oil & gas corporation) from November, 2008 to present. Director of Compton Petroleum Corporation (a TSX listed oil & gas corporation) from March 2009 to August, 2011. Director of Ithaca Energy Inc., a TSX and London AIM listed oil & gas corporation) from February 2008 to present.	76,924
Barry G. Sechos Sydney, New South Wales, Australia	Nominee for Director	Mr. Sechos is a corporate lawyer and currently a director of the Sherman Group, a privately owned investment company located in Australia, as well a director of several Australia and U.K. based companies involved in various industries. Former Director, Corporate and Administration of the Australian operations of Aberdeen Asset Management Limited (a public international funds management group, listed on the London Stock Exchange). Previously held various positions with iCash Payment Systems Limited, an Australia Stock Exchange listed ATM payments corporation.	0

Name and Municipality of Residence	Office <sup>(1)</sup>	Principal Occupation, Business or Employment, Positions During the Last Five Years	DCPayments Common Shares Beneficially Owned, Controlled or Directed (Directly or Indirectly) <sup>(2)</sup>
Leroy E. Thiessen <sup>(4)</sup> Calgary, Alberta, Canada	Director Since February 16, 2009	Principal Partner at MNP LLP from May 2011 to present. Various positions including most recently, Executive V.P., Global Business Development (and prior thereto Senior Director, Realty Tax Consulting), at Altus Group Limited (a subsidiary of Altus Group Income Fund, a public trust listed on the TSX) from June, 2008 to May, 2011. Advisory Board member of Urban Star Capital Inc. (a private real estate asset management corporation) from November, 2010 to present. Mr. Thiessen was with Deloitte & Touche LLP from 2000 to May, 2008 eventually holding the position of Senior Tax Partner (national leader - realty tax services).	17,469
Kevin W. Wolfe <sup>(3)(4)</sup> Calgary, Alberta, Canada	Director Since October 28, 2004 Lead Director of Board of Directors Since May 24, 2005	Partner & Director of Richmond Equity Management Ltd. (an investment management corporation) from October 2008 to present. President and C.E.O. of EnerVest Management Ltd., the manager of EnerVest Diversified Income Trust, (a publicly traded diversified income trust) from October, 2005 to September 2008.	25,225

Notes:

- (1) The dates shown for when a Director first started their position include the earlier of their start date with DirectCash Management Inc. (which was the applicable corporate entity prior to the completion of the Trust Conversion Arrangement on January 1, 2011).
- (2) These figures include Common Shares held for the Person in escrow (i.e. unvested Common Shares) pursuant to LTIP allocations to date (participants receive distributions from Common Shares escrowed under the LTIP until their entitlement to the Common shares is cancelled and reallocated upon ceasing employment).
- (3) Current and proposed member of the Audit Committee. The Corporation does not have an executive committee.
- (4) Current and proposed member of Compensation, Nominating and Corporate Governance Committee.

None of the proposed directors was as of April 8, 2013 or has been, within 10 years before the date of this the Information Circular, director, chief executive officer or chief financial officer of any entity (including DCPayments) that:

- (i) was the subject of an "order" (i.e. a cease trade order, an order similar to a cease trade order, or an order that denied the relevant entity access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an "order" that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer.

except as follows:

- (iii) Mr. Dundas, a Director of DCPayments, has been a director of Mahalo Energy Ltd. ("**Mahalo**") from April 21, 2004 to present. On June 22, 2010, the Alberta Securities Commission issued a cease trade order against Mahalo for failure to file annual financial statements for the year ended December 31, 2009 and for failure to file interim unaudited financial statements for the period ended March 31, 2010. The securities commissions of each of British Columbia, Manitoba, Ontario and Quebec (and together with Alberta, the "**Commissions**") issued similar orders in respect of failure to file financial statements. On November 12, 2010, each of the Commissions issued a full revocation order of the cease trade order and a cease to be reporting issuer order in connection with the conclusion of Mahalo's CCAA proceedings.

None of the proposed directors was as of April 8, 2013 or has been, within 10 years before the date of this the Information Circular, a director or executive officer of any entity that, while the proposed director was acting in that capacity (or within 1 year after the proposed director ceasing to act in that capacity for the entity) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the entity's assets except as follow:

- (a) Mr. Dundas, a Director of DCPayments, has been a director of Mahalo from April 21, 2004 to present. In addition, Mr. Wolfe also a Director of DCPayments, served as a director of Mahalo from July 5, 2005 until July 13, 2009. On May 22, 2009, Mahalo was granted protection from its creditors under the Companies Creditors Arrangement Act ("**CCAA**") pursuant to an initial order granted by the Court of Queen's Bench of Alberta. Mahalo concluded a Court approved plan of arrangement to exit CCAA protection on November 12, 2010 that resulted in the cancellation of the existing share capital of Mahalo and the settlement of existing creditor obligations. Mr. Dundas was also a director of Mahalo's wholly owned subsidiary, Mahalo Energy (USA) Inc. ("**Mahalo USA**"). On May 21, 2009, Mahalo USA filed for and received Chapter 11 creditor protection in the United States. On April 20, 2010, the US Chapter 11 proceedings concluded with the transfer of Mahalo USA to Mahalo's creditors.

None of the proposed directors (or any of their personal holding corporations) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

None of the proposed directors (or any of their personal holding corporations): (a) has been subjected to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, (b) has entered into a settlement agreement with a securities regulatory authority (c) has been subjected to any other penalties or sanctions (i.e. relating to matters other than securities legislation) imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **MATTERS TO BE ACTED ON AT THE MEETING - APPOINTMENT OF AUDITORS**

Unless such authority is withheld, the persons designated in the accompanying form of proxy intend to vote proxies in favour of the reappointment of KPMG LLP Calgary, Alberta as the auditors of DCPayments at a remuneration to be fixed by the Directors. KPMG LLP was first appointed as the Fund's (predecessor to DCPayments) auditors on October 18, 2004.

#### **OTHER MATTERS**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

April 15, 2013

**SCHEDULE "A"**TO THE PROXY STATEMENT AND INFORMATION CIRCULAR  
OF DIRECTCASH PAYMENTS INC.**DIRECTCASH GOVERNANCE PRINCIPLES & GUIDELINES****DEFINITIONS**

In this governance document the follows terms have the following meanings:

**"DCPayments"** or the **"Corporation"** means DirectCash Payments Inc.

**"DirectCash"** means, collectively, DirectCash Management Inc., DirectCash Limited Partnership (prior to its dissolution on December 30, 2012), DirectCash Canada Limited Partnership (from and after January 1, 2013), the DirectCash ATM Management Partnership, the DirectCash ATM Processing Partnership, DirectCash Acquisition Corp. (prior to its amalgamation into DCPayments on December 30, 2012), and any of their controlled affiliates (i.e. the entities involved in the actual operation of the businesses being carried on).

**"DirectCash Group"** means, collectively, DCPayments and the entities comprised in the definition of "DirectCash".

**PREAMBLE**

The Board of Directors of DirectCash Payments Inc. (the **"Board of Directors"**), is responsible for supervising the management of DirectCash Group's business. It has the authority and obligation to protect and enhance the assets of DirectCash Group in the interests of all shareholders. Although Directors may be elected to bring special expertise or a point of view to Board of Directors deliberations, they are not chosen to represent a particular constituency. The best interests of DCPayments and its shareholders must be paramount at all times. In pursuing the best interests of DCPayments, the Board of Directors should consider the DirectCash Group's customers, employees, suppliers and the communities and environment where it does business; recognizing that all are essential to a successful business. The Board of Directors' responsibility to ensure the operation of a successful business is an active, not passive one. The involvement and commitment of individual Directors is evidenced by regular Board of Directors and Committee attendance, preparation, and participation in setting goals and requiring performance in the interests of shareholders.

**1. BOARD  
INDEPENDENCE  
AND INTEGRITY**

**1.1 Board to Assess Independence.** Boards of Directors function most effectively when individual Directors are free from conflicts of interest and exercise independent judgment in discharging their responsibilities. DCPayments shall comply with the independence requirements of applicable securities laws and of all stock exchanges on which DCPayments is listed. The number of Directors is proposed to be set at **6**. The Board of Directors will try to maintain a minimum of **3** independent directors on the Board of

Directors of DCPayments at all times. The Board of Directors will take into account the independence of each Director nominee in assessing his or her qualifications to serve on the Board of Directors.

For a Director to be considered independent, the Board of Directors must determine that the Director does not have any material relationship with the DirectCash Group (either directly or as a partner, shareholder or officer of an organization that has a relationship with the DirectCash Group). A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a Director's independent judgment. The Board of Directors has established standards to assist it in making determinations of independence, which standards conform to or are more exacting than applicable securities regulations and stock exchange rules. The Board of Directors will make and publicly disclose an independence determination for each Director when the Director is first elected to the Board of Directors and annually thereafter for all nominees as directors. A Director nominee's failure to meet the standards for independence set forth in these principles or those prescribed by any regulatory, stock exchange listing, or other legal requirements, shall not preclude the Board of Directors from determining that such Director nominee nonetheless has the requisite integrity, experience, skill and expertise to be an effective Director of DCPayments.

**1.2 Independence Standards.** The independence standards established by the Board of Directors are as follows:

- a) A Director will not be considered to be independent if:
  - i) the Director is or within the preceding 3 years was an employee or executive officer of any entity within the DirectCash Group ;
  - ii) an "immediate family member" (i.e. any spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the Director or the Director's immediate family member) who shares the Director's home) of the Director is or was within the preceding 3 years an employee or executive officer of any entity within the DirectCash Group ;
  - iii) the Director is a partner or employee of an internal or external auditor of any entity within the DirectCash Group;
  - iv) the Director was within the preceding 3 years a partner or employee of an internal or external auditor of any entity within the DirectCash Group and personally worked on DCPayments' audit within that time;
  - v) a spouse, or child or stepchild who shares a home with the Director, is a partner of an internal or external auditor of any entity within the DirectCash Group;
  - vi) a spouse, or child or stepchild who shares a home with the Director, is an employee of an internal or external auditor of any entity within the DirectCash Group, and participates in

- the auditor's audit, assurance or tax compliance (but not tax planning) practice;
- vii) a spouse, or child or stepchild who shares a home with the Director, was within the preceding 3 years a partner or employee of an internal or external auditor of any entity within the DirectCash Group, and personally worked on DCPayments' audit within that time;
  - viii) the Director or an "immediate family member" of the Director, is or has been within the last 3 years, an executive officer of an entity if any current executive officers of DirectCash Group serves or served at that same time on the entity's compensation committee;
  - ix) the Director received, or an "immediate family member" of the Director who is employed as an executive officer of any entity within the DirectCash Group, received, more than \$75,000 in direct compensation from DCPayments (including subsidiary and affiliated entities of DCPayments) during any 12 month period within the last 3 years (excluding compensation received for acting as a member of the Board of Directors or any board committee and excluding fixed retirement payments received from prior service and not contingent on continued service);
- b) If a Director has any of the following commercial or charitable relationships, such Director will not be considered to be independent:
- i) the Director has served as an executive officer or employee of, or any of such Director's "immediate family members" has served as an executive officer of, another entity that makes payments to, or receives payments from, the entities within the DirectCash Group for property or services in an amount that, in any of the three most recent fiscal years, exceeds the greater of (a) \$1,000,000 and (b) 2 percent of the annual consolidated gross revenues of such entity; or
  - ii) the Director has served as an officer, director or trustee of a charitable organization, and DirectCash Group's discretionary charitable contributions to that organization exceeds 1.5% of such organization's total annual consolidated gross revenues within any of the three most recent fiscal years (provided that DirectCash Group's matching of employee charitable contributions will not be included in the amount of DirectCash Group's contributions for this purpose);
- c) Where a relationship exists as a result of a Director who is a limited partner, a non-managing member or who occupies a similar position in an entity that does business with any entity within the DirectCash Group, or who has a shareholding in such entity which is not significant, and who, in each case, has no active role in sales to, purchases from or in providing services to any entity within the DirectCash Group and derives no direct material benefit from same, such relationship shall be considered not to be material.

**1.3 Conflicts of Interest.** One of the factors that should be considered in selecting a Director and determining to recommend reappointment of an existing Director is a consideration of the other entities that the Director is a shareholder, director, officer, or employee of or holds some kind or interest in. Annual disclosure of many of these associations is required by applicable securities laws. Consideration should be made of a Director's associations with other entities that are: (a) reporting issuers or listed issuers, (b) competitors or potential competitors of any entity within the DirectCash Group, (c) suppliers or customers of any entity within the DirectCash Group, or (d) involved in businesses that may attract positive or negative public attention. Depending on the nature of the entity, a Director's association may be viewed as having a potentially positive, negative or neutral effect on the Director's qualifications for the Board of Directors. Each proposed Director should report all associations to the Board of Directors (or applicable nominating committee) before accepting a nomination for director. Each existing Director should report any changes in associations to the Board of Directors on a timely basis.

In the case where any entity within the DirectCash Group enters into a business relationship with an entity with which a Director is associated as a director, officer, partner or significant shareholder, the following guidelines will apply:

- a) DCPayments will consider:
  - i) whether the relationship would cause the Director to lose the Director's status as an independent Director;
  - ii) whether the relationship would prevent the Director from serving on any particular Board of Directors Committee;
  - iii) whether the relationship was already in existence prior to the Director joining the Board of Directors; and
  - iv) who initiated the relationship and whether the relationship is beneficial to DirectCash Group;
- b) any proposed new relationship must be brought to the attention of the Board of Directors Lead Director in advance and, where such relationship is not one covered by the specific "independence" criteria listed above, shall be subject to the determination of the Compensation, Nominating and Corporate Governance Committee as to its materiality and the consequent effect on the independence of the Director;
- c) the relationship should be disclosed in DCPayments' public disclosure documents in accordance with applicable regulations and DCPayments' policy.

**1.4 Meetings of the Independent Directors.** The independent directors of DCPayments may hold meetings at which non-independent directors and members of management are not in attendance. These may take the form of: (a) formal meetings of the Board of Directors called in the usual manner where the non-



independent directors absent themselves from all or part of the meeting (with the remaining directors have the power to pass resolutions) or (b) informal meetings of some or all of the independent directors at which no legal resolutions can be authorized (i.e. because the meeting is not called in the required manner). The need for meetings of independent directors will depend on the nature of the business to be considered and whether the reasons that a director is not "independent" is in any way relevant to the business to be discussed. In most cases the reason that a Director is not "independent" will not result in a conflict with respect to the business to be discussed by the Board of Directors. A common example of when independent directors may be required to meet without certain non-independent directors present is when the remuneration or other terms of employment of executive officers who are also directors is to be considered by the Board of Directors.

The Board of Directors has adopted a policy of meeting in executive session, with only independent Directors present, at each regularly scheduled meeting of the Board of Directors. The presiding officer at these executive sessions is the Lead Director of the Board of Directors or, in the Lead Director's absence, a Director selected by majority vote of those present. Sessions are of no fixed duration and participating Directors are encouraged to raise and discuss any issues of concern.

- 1.5 **Separation of Lead Director from CEO.** The Board of Directors has determined that DCPayments is best served by dividing the responsibilities of the Lead Director of the Board of Directors and Chief Executive Officer ("CEO"). The Lead Director of the Board of Directors should be "independent" and chosen by the full Board of Directors.
- 1.6 **Director/Officer Loans and Nepotism.** No member of the DirectCash Group should make any personal loans or extensions of credit to Directors or executive officers, except with specific Board of Directors authorization evidenced by a resolution of the Board of Directors. No Director or "immediate family member" of the Director should provide personal services for compensation to any entity within the DirectCash Group, except with specific Board of Directors authorization evidenced by a resolution of the Board of Directors.
- 1.7 **Director Attendance Records.** Individual attendance of Directors (both of independent directors and non-independent directors) at meetings of the Board of Directors and Committees is important to effective operation of the Board of Directors and can be one measure of integrity of Board of Directors processes. Individual attendance records of Directors may be required to be publicly disclosed pursuant to various securities laws.
- 1.8 **Code of Business Conduct.** Each Director must possess and exhibit the highest degree of integrity, professionalism, and values. All Directors and senior officers are bound by DCPayments' Code of Business Conduct & Ethics and no waiver of the application of that

Code to Directors or senior officers is permitted. Directors must never be in a conflict of interest with any entity within the DirectCash Group. A Director who has a conflict of interest regarding any particular matter under consideration should advise the Board of Directors, refrain from debate on the matter and abstain from any vote regarding it.

## 2. BOARD OF DIRECTORS MANDATE

- 2.1 **Accountability.** The Board of Directors is accountable to DCPayments' shareholders for the conduct of the business and affairs of the entities within the DirectCash Group. Directors (and officers) have a statutory obligation imposed on them (the exact wording of which varies from jurisdiction to jurisdiction) to act honestly and in good faith with a view to the best interests of the applicable corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Additionally, various other types of legislation impose duties and obligations on corporate directors and officers.
- 2.2 **Roles of Board & Management.** The role of the Board of Directors is to supervise the management of DCPayments (and subsidiary and affiliated entities of DCPayments) by establishing policies and procedures directed at promoting and monitoring good corporate governance and effective corporate management. The role of management is to conduct the day-to-day operations of DCPayments (and subsidiary and affiliated entities of DCPayments).
- 2.3 **Election & Composition.** Members of the Board of Directors will be elected annually by shareholders of DCPayments. The Board of Directors will subsequently elect a Lead Director of the Board from among the Directors who is not the Chief Executive Officer. At all times a majority of the Board of Directors and its committees shall be comprised of directors who are 'independent'.
- 2.4 **Responsibilities.** In order to ensure that the Board fulfils its role and is in a position to be held to account by shareholders, the Board will:
- a) **Board Processes.**
    - i) Establish, monitor and maintain effective corporate governance policies and procedures for both the Board of Directors and management.
    - ii) Establish schedules and agendas providing for regular meetings of the Board of Directors to consider quarterly and annual financial performance, as well as providing for the consideration of matters within the purview of the Board and its committees.
    - iii) Appoint Committees of the Board, delegate powers to them, establish their mandates, appoint their members, and receive their recommendations.
    - iv) Appoint or engage experts as necessary and at the expense of the DirectCash Group.
  - b) **Corporate Goals, Objectives & Management.**
    - i) Establish and maintain a strategic planning process for determining corporate mission, strategic goals and

objectives and the appropriate criteria against which to evaluate corporate performance against the mission, goals and objectives.

- ii) Review, approve and monitor management's operational plans to ensure they are consistent with strategic goals.
  - iii) Establish and monitor appropriate strategic and operational policies and procedures within which management will operate, including the development and monitoring of effective internal controls, financial reporting and management information systems.
  - iv) Establish and monitor annual targets against which to measure corporate and executive performance.
  - v) Implement and evaluate executive compensation and related policies that are linked to corporate performance.
  - vi) Establish and monitor policies and processes for the effective appointment, development, evaluation and succession of senior management in particular and management in general.
  - vii) Approve the entering into, or withdrawing from, lines of business that are or are likely to be material to the DirectCash Group.
  - viii) Approve material acquisitions and divestitures.
- c) **Corporate Risks:**
- i) Identify, assess and monitor on a regular basis the principal risks of the business of the DirectCash Group.
  - ii) Establish policies and procedures that address those corporate risks in an effective manner - balancing the risks incurred and the return to shareholders.
  - iii) Adopt relevant and reliable internal control and reporting systems to enable the Board of Directors to fulfil its responsibilities (including periodic reporting from management).
- d) **Financial Issues:**
- i) Monitor annual capital and operating budgets.
  - ii) Monitor operational and financial results.
  - iii) Approve annual and quarterly financial statements and approve release of such financial statements to shareholders and other third parties.
  - iv) Approve significant disclosure documents including:
    - A. Proxy Statements and Information Circulars for distribution to shareholders;
    - B. Annual Information Forms;
    - C. Prospectuses and Offering Memorandums;
    - D. Management Discussion & Analysis
    - E. Annual Reports & Quarterly Reports
  - v) Determine whether to pay dividends or not (and the amount of dividends).
  - vi) Approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, major bank financings, listing of shares and other securities, issue of commercial paper, and related trust indentures.
  - vii) Approve external auditors for recommendation to shareholders (and fill auditor vacancies in between

- shareholder meetings) and approve auditors fees.
- e) **Effective Communication with Shareholders.** Establish and monitor policies and procedures that promote effective, timely and accurate communication between DCPayments' shareholders, the public, and other interested parties.
  - f) **Code of Business Conduct & Ethics.**
    - i) Adopt a written Code of Business Conduct and Ethics (the "**Ethics Code**"). The Ethics Code should be applicable to directors, officers and employees. The Ethics Code should constitute written standards that are reasonably designed to deter wrongdoing and address the following issues: (A) conflicts of interest; (B) protection and proper use of corporate assets and opportunities; (C) confidentiality of corporate information; (D) fair dealing with security holders, customers, suppliers, competitors and employees; (E) compliance with laws, rules and regulations; and (F) reporting of any illegal or unethical behaviour;
    - ii) Monitor compliance with the Ethics Code;
    - iii) Approve any waivers from the Ethics Code that are granted for the benefit of directors or senior officers; and
    - iv) to the extent feasible, satisfy itself as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the DirectCash Group.

**2.5 Individual Member Responsibilities.** In order to ensure that the Board of Directors fulfils its role and is in a position to be held to account by DCPayments' shareholders, each member of the Board of Directors will:

- a) **Best Practices:** Strive to perform the Director's duties in keeping with current and emerging corporate governance best practices for directors of publicly traded entities. The Board may from time to time provide Directors with guidance in this regard, including with respect to best practices relating to the performance of Directors' duties, meeting participation, preparation and attendance, director independence; committee work; and familiarity with the DirectCash Group's business and business environment. The Board of Directors, including by Board resolution or amendments to this or other mandates, may from time to time formalize any such guidance.
- b) **Continuing Education:** Seek to participate in at least one director education program every 24 months to remain current in, or expand upon, areas relevant to the duties of the Director on the Board of Directors. The frequency of director education should be reviewed from time to time to address changing standards in good corporate governance relating to continuing director education.
- c) **Change of Employment Notification:** Promptly notify the Board of Directors of any change in the Director's employer or employment status to ensure that the impact on the Director, and the Director's ability to fulfil the Director's role, can be evaluated by the Board of Directors.

**2.6 Meeting Procedures.** The agenda for each Board of Directors meeting shall be established by the CEO and the Lead Director of the Board of Directors, taking into account suggestions from other members of the Board of Directors. Meeting materials and information shall be distributed in advance of each meeting so as to provide adequate time for review. The Board of Directors has a policy of holding at least one meeting each year at a DCPayments facility. Site visits by the Board of Directors and meetings with senior management of the facility are incorporated into the itinerary.

Directors are expected to attend all meetings of the Board of Directors and the Committees upon which they serve, to come to such meetings fully prepared, and to remain in attendance for the duration of the meeting. Where a Director's absence from a meeting is unavoidable, the Director should, as soon as practicable after the meeting, contact the Lead Director of the Board of Directors, the CEO, or the Corporate Secretary for a briefing on the substantive elements of the meeting.

**2.7 Access to Management.** All Directors have unfettered access to management of DCPayments (and subsidiary and affiliated entities of DCPayments). In addition, DirectCash Group personnel who can make a substantive contribution to matters under consideration at a meeting of the Board of Directors will be invited to attend.

**2.8 Access to Outside Advisors.** The Board of Directors and its Committees have the right at any time to retain independent outside legal, financial or other advisors. Individual Directors may engage outside advisors, at DCPayments' expense, upon authorization of the Compensation, Nominating and Corporate Governance Committee.

**2.9 Communication From and With Shareholders.** Any security holder may contact the Board of Directors by email or by writing to the Board of Directors c/o the Corporate Secretary. Matters relating to the accounting, internal accounting controls or auditing matters of DCPayments will be referred to the Audit Committee. Other matters will be referred to the Lead Director of the Board of Directors.

To further facilitate communication between DCPayments' shareholders and the Board of Directors, all Directors standing for re-election and all new Director nominees are expected to attend the Annual Meeting of shareholders.

**3. LEAD DIRECTOR,  
COMMITTEE  
CHAIRMEN,  
CEO & OTHER  
POSITION  
DESCRIPTIONS,**

**3.1 Lead Director of Board of Directors.**

- a) **Accountability & Role:** The Lead Director of the Board of Directors is accountable to the Board of Directors for the fulfilment of the responsibilities of the office of Lead Director and will lead the Board in establishing effective corporate governance processes and practices.
- b) **Responsibilities:** The responsibilities of the Lead Director of the Board of Directors will include the following:

- i) Assume principal responsibility for the operation and functioning of the Board of Directors.
- ii) Provide overall leadership to the Board of Directors for the effective functioning of the Board of Directors and without limiting the ability of the Board of Directors to function as a unit.
- iii) Fulfil Board of Directors leadership responsibilities in such a manner that will ensure that the Board of Directors is able to function independently of management.
- iv) Calling meetings of the Board of Directors as a whole.
- v) Work with the Board of Directors, the CEO, and the Secretary to set Board of Directors agendas and Board of Directors calendars that are based on the responsibilities of the Board of Directors and reflect current priorities.
- vi) Act as chair of Board of Directors meetings effectively, including ensuring that appropriate briefing materials are delivered in a timely fashion, encouraging full participation and discussion by individual Directors, stimulating debate, facilitating consensus, and ensuring that clarity regarding decisions is reached and duly recorded.
- vii) Oversee compliance with the governance policies of the Board of Directors regarding conduct of board meetings, managing and reporting information and other policies related to the conduct of the Board of Directors' business.
- viii) Take a leadership role in maintaining effective communication and relationships between DCPayments, shareholders, stakeholders and the general public.
- ix) Act as an effective liaison between the Board of Directors and management.
- x) Assist the Compensation, Nominating and Corporate Governance Committee in monitoring and evaluating the performance of the CEO.
- xi) Lead the Board of Directors in ensuring succession plans are in place at the senior management level.
- xii) Such other activities as the Lead Director of the Board of Directors may agree to undertake, at the request of the CEO or the Board of Directors.

The foregoing list of duties is not exhaustive, and the Lead Director of the Board of Directors may, in addition, perform such other functions as may be necessary or appropriate in the circumstances. The Lead Director of the Board shall have the power to delegate the Lead Director's authority and duties to another member of the Board of Directors as the Lead Director considers appropriate.

### 3.2 Chief Executive Officer.

- a) **Accountability & Role:** The Chief Executive Officer is accountable to the Board of Directors for achieving corporate objectives established by the Board of Directors. The CEO will have the authority to manage and supervise the business of the DirectCash Group, including making of all decisions regarding the operations of the DirectCash Group that are not specifically reserved to the Board of Directors by law, this mandate or under

the terms of any delegation of authority from the Board of Directors.

- b) **Responsibilities:** The responsibilities of the Chief Executive Officer will include the following:
- i) Develop and recommend corporate strategies, and business and financial plans for the approval of the Board of Directors.
  - ii) Manage the operations of the business in accordance with the strategic direction and operational policies as determined by the Board of Directors.
  - iii) Report management information back to the Board of Directors in a timely manner so that the Board of Directors may effectively monitor and evaluate corporate performance against stated objectives and within executive limitations.
  - iv) Ensure that the Board of Directors is aware of relevant business trends, anticipated adverse media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board of Directors decision or approval has previously been made.
  - v) Advise the Board of Directors if, in the Chief Executive Officer's opinion, the Board of Directors is not in compliance with its own policies, or legal or regulatory requirements.
  - vi) Provide the Board of Directors with information, both internal and external, that the Board of Directors may require in order to make fully-informed decisions regarding the operation of the business.
  - vii) Report in a timely manner an actual or anticipated non-compliance with any Board of Directors approved policy or decision.

The foregoing list of duties is not exhaustive, and the Chief Executive Officer may, in addition, perform such other functions as may be necessary or appropriate in the circumstances. The Chief Executive Officer shall have the power to delegate the Chief Executive Officer's authority and duties to another officer or employee of the DirectCash Group as the Chief Executive Officer considers appropriate.

**3.3 Chief Financial Officer.** The Chief Financial Officer of DCPayments will be responsible for the timeliness and integrity of the financial reporting and information presented to the Board of Directors. The Chief Financial Officer will also be responsible for acting as the chief advisor to the Audit Committee of the Board of Directors. In addition to reporting relationships within the structure of the DirectCash Group, the Chief Financial Officer will report to the Board of Directors on a regular basis on matters within the Chief Financial Officer's purview.

**3.4 Chief Technical Officer.** The Chief Technical Officer of DCPayments will be responsible for the conduct and integrity of the computer, software, and information management systems of DirectCash Group. In addition to reporting relationships within the

information systems structure of DirectCash Group, the Chief Technical Officer will report to the Board of Directors on a regular basis on matters within the Chief Technical Officer's purview.

**3.5 The Secretary.** The Secretary of DCPayments will be responsible for the timeliness of all notices to be delivered to shareholders, recording of minutes of meetings of shareholders, the Board of Directors and, if so requested, committees of the Board of Directors, and will be the custodian of all corporate records of DCPayments. The Secretary will assist the Lead Director of the Board and each chairman of the Board of Director's committees in ensuring compliance with DCPayments' corporate governance policies and ensuring the efficient administration and operation of the Board of Directors and its committees.

**3.6 Chairmen of Committees.**

- a) **Appointment:** The Chairman of each committee is appointed annually by the Board of Directors upon recommendations of the Lead Director of the Board in consultation with the Compensation, Nominating and Corporate Governance Committee. The Chairman of a committee must always be an "independent" director.
- b) **Accountability & Role:** The Chairman of a Committee is accountable to the Board of Directors for the fulfilment of the responsibilities of the office of Chairman of the Committee and will lead the relevant Committee in establishing effective corporate governance processes and practices.
- c) **Responsibilities:** The responsibilities of each Committee Chairman will include the following:
  - i) Provide leadership to enable the Committee to act as an effective team in carrying out its responsibilities.
  - ii) Work in conjunction with the Lead Director of the Board to oversee compliance with the governance policies of the Board of Directors that are applicable to Committees.
  - iii) Provide advice to the Lead Director of the Board of Directors regarding the composition of the Committee so that the Committee is composed of Directors with the skill, experience and/or necessary training relative to the Committee's responsibilities.
  - iv) Ensure that the responsibilities of the Committee are well understood by both the members of the Committee and management and the boundaries between the Board of Directors, the Committee and management are clearly understood and respected.
  - v) Lead the Committee in an annual review of the Committee's performance in consultation with the Compensation, Nominating and Corporate Governance Committee.
  - vi) Manage the affairs of the Committee, including ensuring that the Committee is organized properly, functions effectively, and meets as often as required to carry out the Committee's responsibilities.
  - vii) In consultation with management and the Corporate Secretary, determine the time and locations of meetings of



- the Committee.
- viii) Review and approve Committee agendas, materials and any information sent to the Directors on the Committee and Committee calendars.
  - ix) Work closely with management and the Corporate Secretary to ensure Directors on the Committee receive all information they require in a timely fashion.
  - x) Act as chairman of all Committee meetings.
  - xi) Ensure that the Directors on the Committee have an opportunity to meeting separately without management present.
  - xii) Report to the Board of Directors at the Board of Directors' next meeting following any meeting of the Committee or the signing of a written resolution evidencing a decision or recommendation of the Committee, communicating with all Directors on the Committee to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Committee.

The foregoing list of duties is not exhaustive, and the Chairman of any Committee may, in addition, perform such other functions as may be necessary or appropriate in the circumstances. The Chairman of the Committee shall have the power to delegate the Chairman's authority and duties to an another member of the Committee as the Chairman considers appropriate.

#### **4. ORIENTATION & CONTINUING EDUCATION**

- 4.1 New Director Orientation.** A thorough understanding of DirectCash Group's industry, business and corporate governance practices is required to enable a Director to make a substantial contribution to the Board of Directors. Accordingly, all new directors shall participate in an orientation program developed by DCPayments after their election or appointment to the Board of Directors which should be conducted within one month of Director's election or appointment. The orientation should be delivered over a period of time to minimize the likelihood of information overload and maximize the lasting educational impact. This orientation will include presentations by senior management to familiarize new directors with DirectCash Group's industry, business, strategic plans, significant financial, accounting and risk management issues, financial statements, corporate governance practices, compliance programs and DirectCash Group's other key policies and practices. The orientation should provide each Director with a baseline knowledge about DirectCash Group which will serve as a basis for informed decision making. The orientation should be tailored for each new Director to take into account the Director's unique mix of skills, experience, education knowledge and needs. The orientation program should be tailored to the needs of each new Director, and may consist of a combination of written materials, one-on-one meetings with senior management, site visits and other briefings and training as appropriate. As part of the orientation new Directors should be provided with (at a minimum) copies of the following materials:
- a) these Governance Principles & Guidelines;

- b) all other Corporate policy statements of potential application to the Board of Directors;
- c) all charter and policy documents for each of the Committees of the Board of Directors;
- d) the constating documents of DCPayments (and each significant subsidiary and affiliated entity of DCPayments);
- e) all directors/committee minutes/resolutions for the 12 month period prior to the Directors election/appointment (as well as copies of any materials distributed to Directors in connection with those meetings);
- f) a publicly filed disclosure documents for the 12 month period prior to the Director's election/appointment;
- g) names and contact information for the officers of DCPayments (and subsidiary and affiliated entities of DCPayments), the external auditors of DCPayments, and legal counsel for DCPayments;
- h) lists of significant dates/deadlines for the next year (i.e. annual and quarterly filing dates, proposed shareholder meeting dates, proposed regular director meeting dates and Committee meeting dates).

New Directors should also be given access to and encouraged to tour the major office locations and operational locations of DirectCash Group within a reasonable time after their election/appointment.

- 4.2 **Director Continuing Education.** The Board of Directors believes that each Director should participate in continuing education from time to time to enable each Director to better perform the Director's duties and to recognize and deal appropriately with issues that arise. Continuing Education is not the sole responsibility of DCPayments - each Director needs to take personal responsibility for their own continuing education. Continuing education may be required:
- (a) for developments in the business environments in which DirectCash Group is a competitor;
  - (b) for new business opportunities that may be relevant to the current business or capabilities of DirectCash Group;
  - (c) for familiarization with new businesses acquired or established by DirectCash Group;
  - (d) for changes in corporate governance rules or best practices;
  - (e) for changes in securities laws, stock exchange rules, corporate laws, accounting rules or other regulatory changes in areas that fall within Board of Directors responsibility.

Management of DCPayments should provide information to the Directors on these issues in management's reports to the Board of Directors. To facilitate ongoing education DCPayments will:

- (a) each year encourage the attendance of each Director at one seminar or conference of interest and relevance (and the attendance of each Committee Chairman at one additional seminar or conference). In all cases, approval for attendance shall be obtained, in advance, from the Lead Director of the Board of Directors;
- (b) at least annually, schedule a site visit in conjunction with a

### Board of Directors meeting.

In addition, Directors are encouraged to attend educational presentations as may be offered by DCPayments from time to time with regard to corporate governance of public issuers. Any existing Director may also participate in orientation sessions for new Directors. Finally, the Board of Directors will consider ad hoc requests of individual Directors for DCPayments for:

- (a) purchase of books and other written materials potentially useful to Directors as resource materials,
- (b) presentations to the Board of Directors or Board Committees by outside experts on matters of particular import or emerging significance,
- (c) preparation of specialized reports to be prepared by outside consultants, and
- (d) sending of Directors to professional development seminars.

## 5. ETHICAL BUSINESS CONDUCT

**5.1 Ethics Code of Conduct.** DirectCash Group reputation and credibility is based upon DirectCash Group's total commitment to ethical business practices. To safeguard DirectCash Group's reputation, the Board of Directors, the officers and all of the employees of DirectCash Group must conduct themselves in accordance with the highest ethical standards and also be perceived to be acting ethically at all times. The Board of Directors has adopted a separate formal Code of Business Conduct & Ethics (the "**Code of Ethics**"), which is available upon written request to the Corporate Secretary.

Several key business principles have been integrated into the Code of Ethics to illustrate DirectCash Group's expectations for individual director, officer & employee conduct including:

- (a) acting with honesty and integrity and being open in dealings with customers, employees, shareholders, and others with whom any entity within the DirectCash Group does business;
- (b) treating others with fairness, dignity, and respect to create and protect a trusting environment free from harassment and discrimination; and
- (c) striving for excellence and professionalism, taking pride in what each person does individually and as part of a team.

It is the Board of Director's intent that all business be conducted in accordance with the Code of Ethics and that no director, officer or employee will ever be expected to achieve business performance at the expense of violating any aspect of the Code of Ethics. Each director, officer and employee of any entity within the DirectCash Group has the right and the responsibility to report suspected violations of the Code of Ethics. Directors, officers and employees making such reports in good faith will have the full support of the Board of Directors.

**5.2 Director/Officer Interests in Agreements or Transactions.** In the case where any entity within the DirectCash Group enters or

proposes to enter into a contract or business relationship with a person with which a Director or officer is associated as a principal, director, officer, partner or significant shareholder, the following guidelines will apply:

- a) DCPayments will consider:
  - i) whether the relationship would cause the Director to lose the Director's status as an "independent" Director;
  - ii) whether the relationship would prevent the Director from serving on any particular Board of Directors Committee;
  - iii) whether the relationship was already in existence prior to the Director joining the Board of Directors; and
  - iv) who initiated the relationship and whether the relationship is beneficial to DCPayments (including subsidiary and affiliated entities of DCPayments) ;
- b) any proposed new relationship must be brought to the attention of the Lead Director of the Board of Directors in advance and, where such relationship is not one covered by a specific criteria of "independence" described above, shall be subject to the determination of the Compensation, Nominating and Corporate Governance Committee as to its materiality and the consequent effect on the independence of the Director;
- c) any requirements of corporate law requiring delivery of a written notice of the conflict to DCPayments should be complied with by the Director or officer;
- d) the relationship will be disclosed in DCPayments' public disclosure documents in accordance with applicable regulations and DCPayments' policy.

## **6. SELECTION & NOMINATION OF DIRECTORS COMPOSITION OF THE BOARD OF DIRECTORS**

**6.1 Director Selection & Nomination Process.** All Directors are elected each year by the shareholders of DCPayments. Nomination and election of the members of the Board of Directors is a matter determined by the shareholders of DCPayments at Annual Meetings (subject to limited circumstances where the Board of Directors itself may add a limited number of directors or may fill vacancies between annual shareholder meetings). However, recognizing that the importance of the yearly solicitation of proxies for management's proposed slate of directors (in connection with the mailing of Annual Meeting materials) and that the election of directors is often a fait accompli after mailing of management's solicitation for proxies, the role of management/the Board of Directors in selecting the Board of Directors cannot be ignored. Therefore the Board of Directors has constituted a Compensation, Nominating and Corporate Governance Committee whose responsibilities include recruiting and proposing to the full Board of Directors new nominees for Directors. Nominees for directors are initially considered and recommended by the Compensation, Nominating and Corporate Governance Committee, approved by the entire Board of Directors and then proposed by management to shareholders in the proxy solicitation materials. In between shareholder meetings, the Board of Directors may also fill vacancies and add directors (where permitted by DCPayments' articles) without need of shareholder or shareholder vote.

The following general criteria for individual Directors should be considered by the Compensation, Nominating and Corporate Governance Committee:

- (a) at least  $\frac{1}{4}$  of the Board of Directors members must be resident Canadians;
- (b) each member of the Board of Directors should have education or business experience in one or more fields relevant to DirectCash Group's business;
- (c) no member should be a director, officer or large shareholder of any competitor of any entity within the DirectCash Group;
- (d) whether or not a majority of directors are "independent", an attempt should be made to nominate a number of directors who do not have a relationship with any entity within the DirectCash Group, any significant shareholder of DCPayments, or the officers or promoters of the DirectCash Group. The number of such directors should reflect the investment of the minority shareholders and the needs for independent directors to fill the requirements for Committees.

The Compensation, Nominating and Corporate Governance Committee, in the discharge of the Committee's duties:

- (a) in consultation with the Board of Directors and CEO and, on an ongoing basis, identifies the mix of expertise and qualities required for the Board of Directors;
- (b) assesses the attributes new Directors should have for the appropriate mix to be maintained;
- (c) in consultation with the Board of Directors and CEO and, on an ongoing basis, maintains a database of potential candidates;
- (d) has implemented a procedure to identify, with as much advance notice as practicable, impending Board of Directors vacancies, so as to allow sufficient time for recruitment and for introduction of proposed nominees to the existing Board of Directors;
- (e) develops a "short-list" of candidates and arranges for each candidate to meet with the Compensation, Nominating and Corporate Governance Committee, the Lead Director of the Board of Directors and the CEO;
- (f) recommends to the Board of Directors as a whole proposed nominee(s) and arranges for their introduction to as many Board of Directors members as practicable;
- (g) ensures that prospective candidates are informed of the degree of energy and commitment DCPayments expects of DCPayments' Directors;
- (h) encourages diversity in the composition of the Board of Directors;

In addition to the slate of nominees proposed by the Board of Directors, shareholders may propose individuals to be nominated for election as Directors. The procedure for making such proposals is outlined in the annual proxy circular and in DCPayments' incorporation statute. Shareholders may also at any time suggest nominees for election to the Board of Directors by submitting the names and supporting information regarding such nominees to the Secretary.

## 7. COMPENSATION

7.1 **Shareholdings and Long Term Incentive Plan.** The Board of Directors believes that the economic interests of Directors should be aligned with those of shareholders. To achieve this, all Directors are expected to hold Common Shares and/or Long Term Incentive Plan (“LTIP”) entitlements in DCPayments.

## 8. COMMITTEES

8.1 **Committees of the Board.** The Board of Directors has established the following committees:  
(a) Audit Committee  
(b) Compensation, Nominating and Corporate Governance Committee

Each Committee has a charter (i.e. terms of reference) approved by the Board of Directors that clearly establishes each Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations, manner of reporting to the Board of Directors and authority to engage and compensate any outside advisor deemed necessary by the Committee to carry out the Committee's duties.

Additionally, the Board of Directors as a whole may from time to time establish other temporary or standing committees for the purposes of assisting the Board of Directors to fulfil the Board of Directors' responsibilities.

8.2 **Committee Membership Restrictions.** Committee members and Committee Chairs are appointed annually by the Board of Directors. The Audit and Compensation, Nominating and Corporate Governance Committee are required to be comprised entirely of "independent" Directors. Members of the Audit Committee must not and do not directly or indirectly receive any consulting, advisory or other compensatory fee from any entity within the DirectCash Group other than their Director's compensation.

8.3 **Committee Meetings.** Each Committee meets regularly throughout the year. It is the general intent of the Board of Directors that all substantial matters not in the ordinary course of business be brought to the full Board of Directors for action. Minutes of all Committee meetings are kept, circulated to all Committee members, and available to any Director. Committee Chairmen report at each Board of Directors meeting on any meetings or activity of the Committee since the most recent meeting of the Board of Directors.

## 9. PERFORMANCE ASSESSMENT

9.1 **Performance Assessment by Committee.** The Compensation, Nominating and Corporate Governance Committee is responsible for assessing at least annually the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors, and the contribution of individual directors. The Compensation, Nominating and Corporate Governance Committee reports the results of these assessments to the Board.

**9.2 Committee Periodic Reviews.** As part of its mandate, the Compensation, Nominating and Corporate Governance Committee periodically reviews the adequacy and form of compensation of directors and makes appropriate recommendations to the Board of Directors. In making its recommendations, the Compensation, Nominating and Corporate Governance Committee takes into account the level and form of compensation necessary to attract directors of the calibre and experience required to effectively oversee an organization of DirectCash Group's current size, complexity and market scope.

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