



**NORTH AMERICAN ENERGY PARTNERS INC.**

**NOTICE OF ANNUAL MEETING  
AND MANAGEMENT INFORMATION CIRCULAR**

---

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD  
ON  
SEPTEMBER 19, 2007**

---

**AUGUST 17, 2007**



**NORTH AMERICAN ENERGY PARTNERS INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 19, 2007**

**NOTICE IS HEREBY GIVEN** that the annual meeting of holders of common shares (the "NAEP Shareholders") of North American Energy Partners Inc. (the "Corporation") will be held at The Westin Edmonton Hotel, 10135-100<sup>th</sup> Street, Edmonton, Alberta T5J 0N7 on the 19<sup>th</sup> day of September, 2007, at 4:00 p.m. (Mountain Time) (the "Meeting"), for the following purposes:

1. to receive the financial statements of the Corporation for the year ended March 31, 2007 and the auditors' report thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to re-appoint the auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration of the auditors as such; and
4. to transact such other business as may properly come before the Meeting or any adjournments thereof.

The specific details of the foregoing matters to be put before the Meeting and a description of the rights of NAEP Shareholders, are set forth in the management information circular accompanying this notice (the "Information Circular"). Capitalized terms used in this notice of annual meeting and not otherwise defined herein shall have the meanings ascribed to such terms in the Information Circular.

**A copy of the 2007 Annual Report of the Corporation, the Information Circular and a form of proxy accompany this notice.**

NAEP Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the form of proxy and in the Information Circular accompanying this notice. A proxy will not be valid unless it is deposited with CIBC Mellon Trust Company at Proxy Dept., CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1 (facsimile no. (416) 752-8239) no later than 4:30 p.m. (Mountain Time) on September 17, 2007 and if the Meeting is adjourned, no later than 24 hours (excluding Saturdays and holidays) prior to the commencement of any adjournment thereof.

**DATED** at Acheson, Alberta, this 17<sup>th</sup> day of August, 2007.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
NORTH AMERICAN ENERGY PARTNERS INC.**

(signed) "Douglas A. Wilkes"

\_\_\_\_\_  
Chief Financial Officer



**NORTH AMERICAN ENERGY PARTNERS INC.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

**This management information circular (the “Information Circular”) and accompanying form of proxy (the “Proxy”) are furnished in connection with the solicitation of proxies by or on behalf of management of North American Energy Partners Inc. (the “Corporation” or “NAEP”) for use at the annual meeting (the “Meeting”) of holders of common shares of the Corporation (the “NAEP Shareholders”) to be held at The Westin Edmonton Hotel, 10135-100<sup>th</sup> Street, Edmonton, Alberta T5J 0N7 on the 19<sup>th</sup> day of September, 2007, at 4:00 p.m. (Mountain Time), and at any adjournments thereof, for the purposes set forth in the accompanying notice of meeting dated August 17, 2007 (the “Notice of Meeting”).**

It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by officers of the Corporation at nominal cost. The cost of this solicitation will be borne by the Corporation. The Corporation may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting shares of the Corporation (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Information Circular, the Notice of Meeting and Proxy to the beneficial owners of such shares. The Corporation will provide, without cost to such persons, upon request to the Secretary of the Corporation, additional copies of the foregoing documents required for this purpose. The Notice of Meeting, Proxy and this Information Circular will be mailed to NAEP Shareholders commencing on or about August 22, 2007. In this Information Circular, except where otherwise indicated, all dollar amounts are expressed in Canadian currency.

No person has been authorized by the Corporation to give any information or make any representations in connection with the matters contained herein other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Corporation.

This Information Circular does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful.

**STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Information Circular may contain forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words “may”, “could”, “would”, “should”, “believe”, “expect”, “anticipate”, “plan”, “estimate”, “target”, “project”, “intend”, “continue”, “further” or similar expressions. Actual results could differ materially from those contemplated by such forward-looking statements as a result of any number of factors and uncertainties, many of which are beyond the Corporation’s control. Important factors that could cause actual results to differ materially from those in forward-looking statements include success of business development efforts, changes in oil and gas prices, availability of a skilled labour force, internal controls, general economic conditions, terms of the Corporation’s debt instruments, exchange rate fluctuations, weather conditions, performance of the Corporation’s customers, access to equipment, changes in laws and ability to execute transactions. Undue reliance should not be placed upon forward-looking statements and we undertake no obligation, other than those required by applicable law, to update or revise those statements.

## RECORD DATE

The record date (the "Record Date") for determining which NAEP Shareholders shall be entitled to receive notice of and to vote at the Meeting is August 13, 2007. Only NAEP Shareholders of record as of the Record Date are entitled to receive notice of and to vote at the Meeting, unless after the Record Date such shareholder of record transfers its shares and the transferee (the "Transferee"), upon establishing that the Transferee owns such shares, requests in writing at least 10 days prior to the Meeting or any adjournments thereof that the Transferee may have his or her name included on the list of NAEP Shareholders entitled to vote at the Meeting, in which case the Transferee is entitled to vote such shares at the Meeting. Such written request by the Transferee shall be filed with CIBC Mellon Trust Company at Proxy Dept., CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1, together with a copy to the Secretary of the Corporation at North American Energy Partners Inc., Zone 3, Acheson Industrial Area, 2-53016 Highway 60, Acheson, Alberta T7X 5A7.

Under normal conditions, confidentiality of voting is maintained by virtue of the fact that the Corporation's transfer agent tabulates proxies and votes. However, such confidentiality may be lost as to any proxy or ballot if a question arises as to its validity or revocation or any other like matter. Loss of confidentiality may also occur if the Board of Directors decides that disclosure is in the interest of the Corporation or its shareholders.

## APPOINTMENT OF PROXYHOLDERS

The persons named in the accompanying Proxy as proxyholders are representatives of management of the Corporation. **A NAEP Shareholder desiring to appoint some other person (who need not be a shareholder of NAEP) to represent him or her at the Meeting, may do so either by striking out the printed names and inserting the desired person's name in the blank space provided in the Proxy or by completing another proper proxy and, in either case, delivering the completed proxy to CIBC Mellon Trust Company at Proxy Dept., CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1 (facsimile no. (416) 752-8239) no later than 4:30 p.m. (Mountain Time) on September 17, 2007 and if the Meeting is adjourned, no later than 24 hours (excluding Saturdays and holidays) prior to the commencement of any adjournment thereof. A Proxy should be executed by a NAEP Shareholder or its attorney duly authorized in writing or, if a NAEP Shareholder is a corporation, by an officer or attorney thereof duly authorized in writing. If a proxy is given by joint shareholders, it must be executed by all such joint shareholders.**

## VOTING OF PROXIES

If a Proxy is completed, signed and delivered to the Corporation in the manner specified above, the persons named as proxyholders therein shall vote or withhold from voting the shares in respect of which they are appointed as proxyholders at the Meeting, in accordance with the instructions of the NAEP Shareholder appointing them, on any show of hands or any ballot that may be called for and, if the NAEP Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the persons appointed as proxyholders shall vote in accordance with the specification so made. **In the absence of such specification, or if the specification is not certain, the shares represented by such Proxy will be voted in favour of the matters to be acted upon as specified in the Notice of Meeting.**

**A Proxy confers discretionary authority upon the persons named therein with respect to all other matters which may properly come before the Meeting or any adjournments thereof. As of the date of this Information Circular, the Board of Directors of the Corporation knows of no such amendments, variations or other matters to come before the Meeting, other than matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person or persons voting such Proxy.**

## REVOCABILITY OF PROXY

Any NAEP Shareholder returning an enclosed Proxy may revoke the same at any time insofar as it has not been exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the NAEP Shareholder or by his or her attorney authorized in writing or, if the NAEP Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited at the registered office of the Corporation to the attention of Kevin Rowand, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the chairperson of the Meeting, prior to the commencement of the Meeting. A NAEP Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

## ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

**The information set forth in this section is of significant importance to many NAEP Shareholders, as a substantial number of NAEP Shareholders do not hold common shares of the Corporation (“NAEP Common Shares”) in their own name, and thus are considered non-registered shareholders.** NAEP Shareholders who do not hold their NAEP Common Shares in their own name (“Beneficial Shareholders”) should note that only Proxies deposited by NAEP Shareholders whose names appear on the records of the Corporation as the registered holders of NAEP Common Shares can be recognized and acted upon at the Meeting. If NAEP Common Shares are listed in an account statement provided to a NAEP Shareholder by a broker, then, in almost all cases, those NAEP Common Shares will not be registered in the NAEP Shareholder’s name on the records of the Corporation. Such NAEP Common Shares will more likely be registered under the name of the NAEP Shareholder’s broker or an agent of that broker or another similar entity (called an “Intermediary”). NAEP Common Shares held by an Intermediary can only be voted by the Intermediary (for, withheld or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting NAEP Common Shares.

**Beneficial Shareholders should ensure that instructions respecting the voting of their NAEP Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary.** Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. **Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their NAEP Common Shares are voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting NAEP Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend at the Meeting as proxyholder for the Intermediary and vote the NAEP Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their NAEP Common Shares as a proxyholder, should enter their own names in the blank space on the form of proxy provided to them by their Intermediary and timely return the same to their Intermediary in accordance with the instructions provided by their Intermediary, well in advance of the Meeting.**

## NOTICE TO UNITED STATES SHAREHOLDERS

The solicitation of proxies by the Corporation is not subject to the requirements of Section 14(a) of the United States (“US”) Securities Exchange Act of 1934, as amended (the “US Exchange Act”), by virtue of an exemption applicable to proxy solicitations by “foreign private issuers” as defined in Rule 3b-4 under the US Exchange Act. Accordingly, this Information Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Residents of the United States should be aware that such requirements may be different than those of the United States applicable to proxy statements under the US Exchange Act.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation's authorized capital consists of an unlimited number of NAEP Common Shares, and an unlimited number of non-voting Common Shares. As at August 13, 2007, there were a total of 35,752,060 NAEP Common Shares outstanding. Each NAEP Common Share entitles the holder thereof to one vote in respect of each of the matters to be voted upon at the Meeting. For a list of persons or corporations who beneficially own, directly or indirectly, or exercise control or direction over securities carrying more than 10% of the voting rights attached to the NAEP Common Shares, please see the table included under the Section captioned "Business to be Transacted at the Meeting – Election of Directors".

## **QUORUM**

A quorum for the transaction of business at the Meeting shall consist of at least two persons holding or representing by proxy not less than twenty (20%) percent of the outstanding shares of the Corporation entitled to vote at the Meeting.

If a quorum is not present at the opening of the Meeting, the NAEP Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days it is not necessary to give notice of the adjourned meeting other than by announcement at the time of an adjournment. If a meeting of NAEP Shareholders is adjourned by one or more adjournments for an aggregate of more than 29 days and not more than 90 days, notice of the adjourned meeting shall be given as for an original meeting but the management of the Corporation shall not be required to send a form of proxy in the form prescribed by applicable law to each NAEP Shareholder who is entitled to receive notice of the meeting. Those NAEP Shareholders present at any duly adjourned meeting shall constitute a quorum.

The Corporation's list of NAEP Shareholders as of the Record Date has been used to deliver to NAEP Shareholders the Notice of Meeting and this Information Circular as well as to determine the NAEP Shareholders who are eligible to vote.

## **PRESENTATION OF FINANCIAL STATEMENTS**

The audited comparative consolidated financial statements of the Corporation for the financial year ended March 31, 2007, together with the report of the auditors thereon, copies of which are contained in the Corporation's annual report, will be presented to the NAEP Shareholders at the Meeting. Receipt in the Meeting of the auditors' report and the Corporation's financial statements for its last completed fiscal period will not constitute approval or disapproval of any matters referred to therein.

## **BUSINESS TO BE TRANSACTED AT THE MEETING**

### **1. Election of Directors**

The Board of Directors of the Corporation presently consists of 10 directors to be elected annually. All of the nominees are now directors of the Corporation and have been directors since the dates indicated below. Unless a NAEP Shareholder directs that his or her NAEP Common Shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed form of proxy will vote for the election of the nine nominees whose names are set forth below. Management does not contemplate that any of the following nominees will be unable or unwilling to serve as a director but if that should occur for any reason prior to the Meeting, the persons named in the enclosed Proxy will have the right to vote for another nominee in their discretion. Each director elected at the Meeting will hold office until the next annual meeting or until his or her successor is duly elected or appointed.

For each nominee, the following table and the notes thereto state, as of August 10, 2007, the: (i) name, municipality and country of residence, and age; (ii) date of first becoming a director; (iii) current position(s) with the Corporation; (iv) approximate number of NAEP Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised; and (v) present principal occupation.

<u>Name, Present Principal Occupation, Municipality and Country of Residence and Age</u>	<u>Director Since</u>	<u>Position(s) with the Corporation, if any</u>	<u>Number of Common Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Direction is Exercised<sup>(1)</sup></u>	<u>Principal Occupation</u>
GEORGE R. BROKAW <sup>(2)(5)</sup> . . . . . Southampton, New York, U.S.A., 39	June 28, 2006	Director	16,656 <sup>(6)</sup>	Managing Director, Perry Capital, L.L.C., an affiliate of Perry Corp., a private investment firm; Managing Director (Mergers & Acquisitions) of Lazard Frères & Co. LLC from January 2003 to May 2005.
JOHN A. BRUSSA <sup>(3)(4)</sup> . . . . . Calgary, Alberta, Canada, 50	November 26, 2003	Director	129,056 <sup>(6)</sup>	Senior partner and head of the Tax Department at the law firm of Burnet, Duckworth & Palmer LLP; Chairman of Penn West Energy Trust, Crew Energy Inc. and Divestco Inc.; currently a Director of a number of natural resource and energy companies and mutual fund trusts.
JOHN D. HAWKINS <sup>(2)(4)</sup> . . . . . Houston, Texas, U.S.A., 43	October 17, 2003	Director	16,656 <sup>(6)</sup>	Partner with The Sterling Group, L.P., a private equity investment firm, since 1999.
RONALD A. MCINTOSH <sup>(2)(5)</sup> . . . . . Calgary, Alberta, Canada, 65	May 20, 2004	Chairman of the Board	84,200 <sup>(7)</sup>	Chairman of NAV Energy Trust, a Calgary-based oil and natural gas investment fund, from January 2004 to August 2006; President and Chief Executive Officer of Navigo Energy Inc. from October 2002 and January 2004; Senior Vice President and Chief Operating Officer of Gulf Canada Resources Limited from December 2001 to July 2002.

<u>Name, Present Principal Occupation, Municipality and Country of Residence and Age</u>	<u>Director Since</u>	<u>Position(s) with the Corporation, if any</u>	<u>Number of Common Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Direction is Exercised<sup>(1)</sup></u>	<u>Principal Occupation</u>
WILLIAM C. OEHMIG <sup>(3)(5)</sup> . . . . . Houston, Texas, U.S.A., 58	May 20, 2004	Director	205,460 <sup>(8)</sup>	Formerly Chairman of the Corporation's Board of Directors from November 26, 2003; Partner with The Sterling Group, L.P., a private equity investment firm; Mr. Oehmig currently serves on the boards of Propex Fabrics Inc. and Panolam Industries International Incorporated; previously served as Chairman of Royster-Clark, Purina Mills, and as a Director of Exopack and Sterling Diagnostic Imaging.
RODNEY J. RUSTON . . . . . Edmonton, Alberta, Canada, 56	May 9, 2005	Director, President and Chief Executive Officer	126,700 <sup>(9)</sup>	Previously, Managing Director and Chief Executive Officer of Ticor Limited; previously a Principal with Ruston Consulting Services Pty. Ltd.; Formerly held management positions with Pasminco Limited, Savage Resources Limited, Wambo Mining Corporation, Oakbridge Limited, and Kembla Coal & Coke Pty. Limited; Chairman of the Australian Minerals Tertiary Education Council from July 2003 until May 2005.
ALLEN R. SELLO <sup>(2)(3)</sup> . . . . . West Vancouver, British Columbia, Canada, 68	January 26, 2006	Director	33,652	From 1999 until September 2004 Mr. Sello held the position of Senior Vice President and Chief Financial Officer for UMA Group Limited; currently Chair of the Vancouver Board of Trade Government Budget and Finance Committee; trustee of

<u>Name, Present Principal Occupation, Municipality and Country of Residence and Age</u>	<u>Director Since</u>	<u>Position(s) with the Corporation, if any</u>	<u>Number of Common Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Direction is Exercised<sup>(1)</sup></u>	<u>Principal Occupation</u>
				Sterling Shoes Income Fund; Director of Infowave Software Inc.
PETER W. TOMSETT <sup>(4)(5)</sup> . . . . . West Vancouver, British Columbia, Canada, 49	September 19, 2006	Director	—	Company Director. From September 2004 to January 2006, President and CEO of Placer Dome Inc, prior thereto, Executive Vice President of Placer Dome Inc.; currently Director of Silver Standard Resources Inc, and Chairman of Equinox Minerals Ltd.
K. RICK TURNER <sup>(2)(4)</sup> . . . . . Little Rock, Arkansas, U.S.A., 49	November 26, 2003	Director	16,656 <sup>(6)</sup>	Employed by Stephens' family entities since 1983; currently Senior Managing Principal of The Stephens Group, LLC., private equity investment firm; currently serves on the board of two other publicly-held companies: Energy Transfer Partners and Energy Transfer Equity; serves on numerous private company boards.

- (1) The information as to NAEP Common Shares beneficially owned or over which control is exercised, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually, effective as of August 10, 2007.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Governance Committee.
- (5) Member of the Risk Committee.
- (6) Includes currently exercisable options to purchase 16,656 shares.
- (7) Includes currently exercisable options to purchase 28,000 shares.
- (8) Includes 22,870 shares that have been donated by Mr. Oehmig but over which Mr. Oehmig retains sole voting power.
- (9) Includes currently exercisable options to purchase 110,000 shares.

The following persons or entities beneficially own, directly or indirectly, or exercise control or direction over securities carrying more than 10% of the voting rights attached to the NAEP Common Shares based on information available on August 17, 2007.

<u>Name of Beneficial Owner</u>	<u>Number of NAEP Common Shares</u>	<u>% of Outstanding NAEP Common Shares</u>
Sterling Group Partners I, L.P. <sup>(a)</sup> . . . . .	4,626,265	12.94
Richard Perry <sup>(b)</sup> . . . . .	4,598,466	12.86
FMR Corp. . . . .	3,786,800	10.59
MFS Investment Management . . . . .	4,424,472	12.38

(a) Sterling Group Partners I GP, L.P. is the sole general partner of Sterling Group Partners I, L.P. Sterling Group Partners I GP, L.P. has five general partners, each of which is wholly-owned by one of Frank J. Hevrdejs, William C. Oehmig, T. Hunter Nelson, John D. Hawkins and C. Kevin Garland. Each of these individuals disclaims beneficial ownership of the shares owned by Sterling Group Partners I, L.P. Sterling Group Partners I, L.P. is an affiliate of The Sterling Group, L.P.

(b) Perry Partners, L.P. directly holds 2,161,361 NAEP Common Shares. Perry Luxco S.A.R.L. directly holds 1,718,443 NAEP Common Shares. Perry Partners International, Inc. directly holds 718,662 NAEP Common Shares. Richard Perry is the President and sole shareholder of Perry Corp., which is the investment manager of Perry Partners International, Inc. and the managing general partner of Perry Partners, L.P. Perry Partners International, Inc. is the indirect sole shareholder of the class of securities owned by Perry Luxco S.A.R.L. As such, Mr. Perry may be deemed to have beneficial ownership over the respective common shares owned by Perry Luxco S.A.R.L., Perry Partners, L.P. and Perry Partners International, Inc.; however, Mr. Perry disclaims such beneficial ownership, except to the extent of his pecuniary interest, if any, therein. Perry Corp. is an affiliate of Perry Strategic Capital Inc.

**Unless a NAEP Shareholder otherwise directs, or directs that his or her NAEP Common Shares are to be withheld from voting in connection with the election of the directors as specified above, the persons named in the enclosed form of Proxy intend to vote for the election of the directors as specified above, such directors to hold office until the next annual meeting or until his or her successor is appointed.**

**2. Re-appointment of Independent Auditors and Authorization of Directors to fix their Remuneration**

At the Meeting, NAEP Shareholders will be requested to vote on the re-appointment of KPMG LLP (“KPMG”) as the independent auditors of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed, and to authorize the Board of Directors to fix the auditors’ remuneration. KPMG has been the auditors of the Corporation since the fiscal period from November 26, 2003 to March 31, 2004. Prior to that, KPMG was the auditors of NACG Holdings Inc., a predecessor to the Corporation, since October 31, 2003.

**Unless a NAEP Shareholder otherwise directs, or directs that his or her NAEP Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of Proxy intend to vote for the reappointment of KPMG as auditors of the Corporation until the next annual meeting of shareholders and to authorize the directors to fix their remuneration.**

**3. Other Matters**

Management of the Corporation know of no matters to come before the Meeting other than as set forth in the Notice of Meeting. However, if other matters which are not currently known to management should properly come before the Meeting, the accompanying Proxy will be voted on such matters in accordance with the best judgment of the persons voting the Proxy.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth all compensation earned during the fiscal years ended March 31, 2007, March 31, 2006 and March 31, 2005 by Rodney J. Ruston, Douglas A. Wilkes, Christopher J. Hayman, William M. Koehn and Miles W. Safranovich (collectively, the “Named Executive Officers”).

Name and Principal Position	Annual Compensation				Long-Term Compensation		
	Year	Salary	Bonus <sup>(b)</sup>	Other Annual Compensation	Securities Underlying Options <sup>(a)</sup>	Shares Subject to Resale Restrictions	All Other Compensation
RODNEY J. RUSTON . . . . . President and Chief Executive Officer (Hired May 2005)	2007	\$525,000 <sup>(c)</sup>	\$386,615	(c)	—	(f)	
	2006	\$536,539	\$300,000	(c)	550,000		
	2005	—	—	—	—		
DOUGLAS A. WILKES . . . . . Vice President, Finance and Chief Financial Officer (Hired September 2006)	2007	\$135,417	\$142,361	(c)	100,000	(f)	
	2006	—	—	—	—		
	2005	—	—	—	—		
CHRISTOPHER J. HAYMAN . . . . Vice President, Supply Chain (Hired January 2005)	2007	\$207,100	\$150,313	(c)	—	(f)	
	2006	\$183,641	\$186,910	(c)	40,000		
	2005	\$ 56,250	—	(c)	60,000		
WILLIAM M. KOEHN <sup>(d)</sup> . . . . . Vice President, Operations and Chief Operating Officer	2007	\$249,000	\$ 92,577	(c)	—	(f)	
	2006	\$240,000	\$241,385	(c)	—		
	2005	\$224,000	—	(c)	—		
MILES W. SAFRANOVICH . . . . . Vice President, Business Development & Estimating (Hired November 2004)	2007	\$218,000	\$164,355	(c)	—	(f)	
	2006	\$195,808	\$210,384	(c)	40,000		
	2005	\$ 61,385	—	(c)	60,000		

- (a) Consists of options to purchase NAEP Common Shares. The options granted to Mr. Ruston expire on May 8, 2015. The options granted in fiscal 2007 to Mr. Wilkes expire on September 18, 2016. The options granted to Mr. Koehn expire on November 26, 2013. The options granted in fiscal 2005 and 2006 to Mr. Safranovich expire on November 17, 2014 and November 2, 2015, respectively. The options granted in fiscal 2005 and 2006 to Mr. Hayman expire on February 17, 2015 and November 2, 2015, respectively.
- (b) Bonus pursuant to the Corporation’s Annual Incentive Plan. Bonuses relating to performance in a particular fiscal year are paid in July of the following fiscal year.
- (c) The amount of other annual compensation does not exceed the lesser of \$50,000 and 10% of the salary and bonus for the fiscal year.
- (d) William M. Koehn resigned from the Corporation effective July 31, 2007.
- (e) This figure includes an annual travel allowance of \$25,000 to cover the costs of traveling to and from Mr. Ruston’s home country of Australia.
- (f) Each of Messrs. Ruston, Wilkes, Hayman, Koehn and Safranovich entered into lock-up agreements in connection with the Corporation’s IPO whereby each of them agreed, amongst other things, not to, (i) offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any NAEP Common Shares, during the Lock-Up Period (as defined in the lock-up agreements), or (ii) make any demand for, or exercise any right with respect to, the registration of any NAEP Common Shares or any security convertible into or exercisable or exchangeable for NAEP Common Shares, without the prior written consent of the Corporation’s underwriters in the IPO.

The Corporation does not have a pension plan. For the fiscal year ended March 31, 2007, the total amount the Corporation set aside for pension, retirement and similar benefits for the executive officers and directors was \$50,015, consisting of employer matching contributions to the executive officers' Registered Retirement Savings Plans. The Corporation does not have a long-term incentive plan, other than the Share Option Plan referred to below.

### ***Share Option Plan***

The Board of Directors has approved the Corporation's Amended and Restated 2004 Share Option Plan (the "Share Option Plan"). The Share Option Plan was approved by the Corporation's shareholders on November 3, 2006 and became effective on November 28, 2006. The Share Option Plan is administered by the Compensation Committee. Option grants under the Share Option Plan may be made to the Corporation's directors, officers, employees and consultants selected by the Compensation Committee. The Share Option Plan provides for the discretionary grant of options to purchase NAEP Common Shares. Options granted under the Share Option Plan are evidenced by an agreement, specifying the vesting, exercise price and expiration of such options, which terms are determined for each optionee by the Compensation Committee. Options to be granted under the Share Option Plan will have an exercise price of not less than the volume weighted average trading price of the common shares on the Toronto Stock Exchange or the New York Stock Exchange at the time of grant. The Share Option Plan provides that up to 10% of the Corporation's issued and outstanding NAEP Common Shares from time to time may be reserved for issuance or issued from treasury and also provides that the maximum number of NAEP Common Shares issuable to insiders under the Share Option Plan (and any other security based compensation arrangements of the Corporation) is 10% of the Corporation's issued and outstanding NAEP Common Shares. In the event of certain change of control events as defined in the Share Option Plan, all outstanding options will become immediately vested and exercisable.

The Share Option Plan provides that each option includes a cashless exercise alternative which provides a holder of an option with the right to elect to receive cash in lieu of purchasing the number of shares under the option. Notwithstanding such right, the Share Option Plan provides that the Corporation may elect, at its sole discretion, to net settle the option with stock. As of March 31, 2007 there were 2,186,840 NAEP Common Shares issuable upon the exercise of outstanding options, of which 837,352 of such options were vested.

The Share Option Plan provides that, in the event of the termination (with or without cause) or retirement of an optionee, the options held by an optionee cease to be exercisable 30 days after the termination or retirement date, subject to adjustment by the Compensation Committee. The Corporation does not provide financial assistance to participants under the Share Option Plan to facilitate the purchase of securities under the Share Option Plan. Options granted under the Share Option Plan are not transferable by an optionee, except by an optionee's will or by the laws of descent and distribution. During the lifetime of an optionee, the options are exercisable by only him or her (or, in the case of the optionee's disability, by his or her legal representative(s), if applicable).

### ***Amendments to the Share Option Plan***

The Share Option Plan provides that shareholder and regulatory approval is required in order for the Board of Directors to make certain specified amendments to the Share Option Plan, including (i) any amendment to the number of securities issuable under the Share Option Plan, (ii) any changes in the participants in the plan that have the potential of broadening or increasing insider participation, (iii) the introduction of, or amendments to, any form of financial assistance and (iv) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to eligible participants, especially to participants who are insiders. The Share Option Plan authorizes the Board of Directors to make other amendments to the plan, subject only to regulatory approval (i.e. without shareholder approval, unless specifically required by applicable law), including (i) amendments of a "housekeeping" nature (i.e. amendments for the purpose of curing any ambiguity, error or omission in the Share Option Plan, or to comply with applicable

law or the requirements of any stock exchange on which the NAEP Common Shares are listed), (ii) any change to the vesting provisions, (iii) any changes in the termination provisions of an option or of the Share Option Plan which does not entail an extension beyond the original expiry date, (iv) a discontinuance of the Share Option Plan and (v) the addition of provisions relating to phantom share units, such as restricted share units and deferred share units, which result in participants receiving cash payments, and the terms governing such features.

### Option Grants to Named Executive Officers in Fiscal 2007

Name	Number of Securities Underlying Options Granted	Percentage of Total Options Granted to Employees and Directors in Fiscal Year	Exercise Price (\$/Security) <sup>(a)</sup>	Market Value of Securities Underlying Options	Expiration Date
				Grant (\$/Security) <sup>(b)</sup>	
RODNEY J. RUSTON . . . . .	—	—	—	—	—
DOUGLAS A. WILKES . . . . .	100,000	32%	\$16.75	\$8.09	20-Sep-16
CHRISTOPHER J. HAYMAN . . . . .	—	—	—	—	—
WILLIAM M. KOEHN . . . . .	—	—	—	—	—
MILES W. SAFRANOVICH . . . . .	—	—	—	—	—

(a) In September 2006, the Corporation had a valuation performed by an unrelated valuation specialist, which valued the NAEP Common Shares at \$16.75 per share. The plan and outstanding balances are disclosed in note 25 to the Corporation's consolidated financial statements for 2007.

(b) Value estimated using the Black-Scholes option-pricing model. For assumptions used, see note 25 to the Corporation's consolidated financial statements, a copy of which can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) database at [www.sedar.com](http://www.sedar.com).

### Aggregated Option Exercises in Fiscal 2007 and Fiscal Year End Option Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at March 31, 2007 Exercisable/Unexercisable (#)	Value of Unexercised in-the-Money Options at March 31, 2007 Exercisable/Unexercisable <sup>(a)</sup> (\$)
	RODNEY J. RUSTON . . . . .	—	—	110,000/440,000
DOUGLAS A. WILKES . . . . .	—	—	—/100,000	\$ —/\$725,000
CHRISTOPHER J. HAYMAN . . . . .	—	—	32,000/68,000	\$ 608,000/\$1,292,000
WILLIAM M. KOEHN <sup>(b)</sup> . . . . .	—	—	60,000/40,000	\$ 1,140,000/\$760,000
MILES W. SAFRANOVICH . . . . .	—	—	32,000/68,000	\$ 608,000/\$1,292,000

(a) March 31, 2007 option values are determined using the Friday, March 30, 2007 closing price on the Toronto Stock Exchange.

(b) William M. Koehn resigned from the Corporation effective July 31, 2007.

### Employment Contracts and Termination of Employment

The Corporation has an employment agreement with Rodney Ruston, its President and Chief Executive Officer. The initial term of Mr. Ruston's employment is five years, beginning May 2005, unless earlier terminated. If his employment is terminated by the Corporation without cause or if his employment is not renewed at the end of the initial five year term, Mr. Ruston will receive a severance payment equal to his then-annual salary plus the amount of his bonus payment in the year preceding the termination date. The arrangement provides for a \$500,000 annual salary, to be reviewed annually by the Board of Directors, plus an initial grant of options to purchase 550,000 NAEP Common Shares, with an exercise price of \$5 per NAEP Common Share and subject to vesting at the rate of 20% per year. During the term of the agreement, Mr. Ruston is eligible for an

annual cash bonus of up to 100% of his annual salary upon achievement of performance targets approved by the Board, receives a monthly vehicle allowance of \$800, receives reimbursement of the annual fee for membership in one health or sports club and receives an annual travel allowance of \$25,000 to cover the costs of traveling to and from his home country of Australia.

The Corporation also has an employment agreement with each of Douglas Wilkes, Vice President, Finance and Chief Financial Officer, Christopher Hayman, Vice President, Supply Chain and Miles Safranovich, Vice President, Business Development and Estimating.

In each case, the executive officer's employment will continue until terminated by him or by the Corporation in accordance with the provisions of his respective agreement. In the cases of each of Messrs. Wilkes, Hayman and Safranovich, if his employment is terminated by the Corporation without cause, he will receive a payment equal to one year annual base salary if terminated on or prior to his fifth anniversary of employment with the Corporation or one of its predecessors, a payment equal to one and a quarter times his annual base salary if terminated after his fifth anniversary but on or before his tenth anniversary or a payment of one and a half times his annual base salary if terminated after the tenth anniversary of employment with the Corporation or one of its predecessors plus a payment equal to 90% of the amount of his target bonus payment for the current fiscal year pro rated to the date of termination.

These agreements provide for an annual salary of \$250,000 for Mr. Wilkes, \$212,800 for Mr. Hayman and \$224,000 for Mr. Safranovich, each to be reviewed annually by the Compensation Committee, plus an initial grant of options to purchase 100,000 common shares, subject to vesting at the rate of 20% per year and with an exercise price of \$5.00 per share, except in the case of Mr. Wilkes whose options have an exercise price of \$16.75 per share.

During the term of the agreement, each executive officer is eligible for an annual cash bonus of up to 100% of his annual salary upon achievement of performance targets approved by the Board of Directors, receives a monthly vehicle allowance of \$800 and receives reimbursement of the annual fee for membership in one club or an allowance for similar expenditures. In addition, Mr. Wilkes was provided a serviced apartment for four months after his commencement date and receives reimbursement for reasonable travel expenses between Vancouver and Edmonton weekly through December 31, 2007 and every other week from January 1, 2008 through December 31, 2009.

Each executive officer has agreed that, for a period of two years after the termination of his respective employment, regardless of the reason for the cessation of such employment, he will not interfere with the employment of or attempt to hire any of the Corporation's employees or consultants.

The Corporation had an employment agreement with William Koehn; however, Mr. Koehn resigned from the Corporation effective July 31, 2007. Mr. Koehn's employment agreement provided for an annual salary of \$249,000 and contained terms and provisions similar to those in the employment contracts with each of Messrs. Wilkes, Hayman and Safranovich described above. As of the date of Mr. Koehn's resignation, he was entitled to exercise 60,000 options to purchase NAEP Common Shares with an exercise price of \$5.00 per NAEP Common Share. At Mr. Koehn's request, the Corporation agreed to amend the terms of his share option agreement to provide that, in the event that he was subject to a lock-up agreement which prevented him from exercising his options which he would otherwise be entitled to exercise, Mr. Koehn would be entitled to exercise his options until the date that was 30 days following the end of such lock-up period. Forming part of Mr. Koehn's resignation agreement and in exchange for certain considerations to the Corporation, Mr. Koehn's option agreement was amended such that he will be eligible to receive the remaining 40,000 of his original 100,000 options vesting on March 31, 2009 and exercisable until the day that is 90 days after March 31, 2009.

A copy of the employment agreements for each of Messrs. Koehn, Ruston, Safranovich, Wilkes and Hayman can be accessed at [www.sedar.com](http://www.sedar.com).

### **Composition of the Compensation Committee**

The Compensation Committee is currently composed of Messrs. Brussa, Oehmig, Paterson and Sello, with Mr. Paterson serving as Chairman. None of the members of the Compensation Committee is or has been an officer or employee of the Corporation, and none of the executive officers of the Corporation served during fiscal 2007 on a board of directors of another entity which has employed any of the members of the Compensation Committee.

## **REPORT ON EXECUTIVE COMPENSATION**

The Compensation Committee is responsible for reviewing and recommending the Corporation's compensation philosophy and guiding principles. The Compensation Committee reviews and recommends for approval to the Board the adequacy and form of compensation for executive management, including the Chief Executive Officer, as well as the levels and types of benefits granted to executive management, including any material special benefits or perquisites. The Compensation Committee also reviews and recommends upon bonus and incentive plans, annual general salary increases, share option plans and director compensation. The Compensation Committee may review any and all aspects of total compensation at its discretion; however, a formal review is undertaken annually with base salary adjustments and short-term bonus payments processed in July of each year. Short-term bonuses awarded and paid out in July 2007 were for the achievement of results in fiscal 2007.

### **Compensation Principles**

The Compensation Committee's executive compensation philosophy is premised upon three objectives:

- (i) recruitment and retention of the best available executive leadership;
- (ii) performance and accountability of executives; and
- (iii) alignment of shareholder and executive interests.

### ***Recruitment & Retention***

The Compensation Committee recognizes the highly competitive market for talented executives in Alberta as a result of the continued economic prosperity and growth of the Alberta economy, particularly in the energy sector. Accordingly, the Compensation Committee has recommended a market competitive total executive compensation package consisting of base salary with annual increases based on performance, short-term bonus with a target payout of 100% of base salary based on actual results compared to the Corporation's planned EBITDA performance and specific divisional and personal metrics, long-term incentives consisting of stock option grants and a perquisite program providing a vehicle allowance and club membership or equivalent consideration. The Compensation Committee is committed to ensuring that the Corporation's compensation plans are market competitive and, as such, commissioned a review by third-party specialized compensation consultants to evaluate the Corporation's total compensation against that of leading corporations within Alberta in the industries in which the Corporation operates (the "Comparator Group"). With respect to long-term incentive plans (namely, the Share Option Plan) and compensation for directors, the Committee also utilizes specialized compensation consultants to assist with the structure and design of these plans.

### ***Performance & Accountability***

The Compensation Committee believes that executive compensation should be correlated to performance, as the financial vitality of the business is dependent upon the results achieved by the executives, the key decision-makers of the Corporation. Thus, the annual Management Incentive Plan (the “MIP”), which is discussed further below, was introduced in 2006 with the key underlying principle of ensuring that executives are held accountable to stakeholders by measuring the performance of the Corporation against the EBITDA forecast in the approved annual budget.

### ***Alignment of Executive and Shareholder Interests***

It is in the Corporation’s best interests to meet shareholder expectations and ensure continued access to capital on favourable terms. Accordingly the MIP was designed to ensure that the continued profitability of the Corporation results in increased financial reward for shareholders and executives alike. Executives are rewarded through the MIP based on three criteria: (i) organizational performance; (ii) divisional performance; and (iii) individual performance. The Chief Executive Officer is rewarded through the MIP based on two criteria: (i) organizational performance and (ii) individual performance. This approach ensures that the role of the individual within the team is appropriately recognized. The MIP is a key mechanism utilized in realizing the compensation principles, particularly the latter two. The MIP remuneration structure for fiscal 2007 is set out below:

<b>Management Level</b>	<b>Company Performance</b>	<b>Business Unit or Divisional Performance</b>	<b>Individual Performance</b>	<b>Proportion Of Salary Payable At Target</b>
Chief Executive Officer	80%	—	20%	100%
Operational VPs	60%	20%	20%	100%
Non-Operational VPs	65%	15%	20%	100%

As the Corporation continues to grow rapidly and the divisions become larger, with more projects and more people, there is a need to further adjust variable pay to align and direct the focus of leadership effort more toward divisional performance based on preset and division specific Key Performance Indicators (“KPIs”) and key projects, and continue the Corporation’s current level of incentive for individual performance targeted at personal and team development. The Compensation Committee has recommended the following MIP structure for fiscal 2008:

<b>Management Level</b>	<b>Company Performance</b>	<b>Business Unit or Divisional Performance</b>	<b>Individual Performance</b>	<b>Proportion Of Salary Payable At Target</b>
Chief Executive Officer	70%	—	30%	100%
Operational VPs	50%	30%	20%	100%
Non-Operational VPs	50%	30%	20%	100%

The Corporation’s KPI is based on total Company EBITDA, while business unit and divisional KPIs are selected measures specific to a division based on key business drivers of that division examples of which include production efficiencies, equipment utilization and safety. Individual KPIs are related to the development of the team and development of key individuals within the division.

## Compensation Structure

The compensation of executives, excluding the Chief Executive Officer, is based on three key components:

### ***Base Salary***

The Compensation Committee will review and recommend to the Board on the adequacy and form of base salaries for executive management.

Fiscal 2007 base salaries for executive management were reviewed and approved by the Compensation Committee. The Chief Executive Officer provided his recommendations to the Compensation Committee for base salary adjustments for each executive, excluding himself, within a specified range, based on the performance of each executive. The base salary ranges were determined by salary data from a market study conducted by specialized compensation consultants. The consultants conducted market research comparing the Corporation's base salaries within the total compensation framework to that of a selected comparator group of corporations.

Fiscal 2007 base salary was adjusted effective July 1, 2006 for Mr. Koehn from \$240,000 to \$252,000, for Mr. Safranovich from \$200,000 to \$224,000 and for Mr. Hayman from \$190,000 to \$212,800.

### ***Short-Term Incentives ("STI")***

The Compensation Committee will review and approve the adequacy and form of STIs for executive management.

The framework for STI for executive management, also known as the MIP, is described above in "Alignment of Executive and Shareholder Interests". The Compensation Committee approved MIP payments in July 2007 upon the recommendations made by the Chief Executive Officer based on corporate, divisional and individual results achieved by the following executives in fiscal 2007. MIP payments were made in the amount of \$142,361 for Mr. Wilkes, \$92,577 for Mr. Koehn, \$164,355 for Mr. Safranovich and \$150,313 for Mr. Hayman.

### ***Long-Term Incentive Plan ("LTIP")***

The Compensation Committee will review and recommend to the Board on the adequacy and the form of LTIP for executive management.

The Corporation's LTIP (namely, the Share Option Plan) that was put in place prior to the IPO has remained in place; however, no new options were granted since the time of the IPO, except to new management employees. A new LTIP is being considered by the Board of Directors and management of the Corporation, with features that are more appropriate for a public issuer. Based on the results of the study and market review conducted by the Corporation's third-party consultant into the Comparator Group total compensation, the Compensation Committee believes that there is an increasing trend within the Comparator Group toward the utilization of LTIPs and/or retention programs. Consequently, the Compensation Committee directed management to develop an LTIP for launch in the second quarter of fiscal 2008. Management will utilize total compensation data supplied by the compensation consultants, together with the design capability of the consultants to develop the LTIP.

### **Chief Executive Officer Compensation**

The Compensation Committee reviews and recommends to the Board of Directors on the Chief Executive Officer's position description and the position's annual goals and objectives. The Chief Executive Officer's base compensation and short-term bonus is evaluated annually by the Compensation Committee based on an assessment of performance.

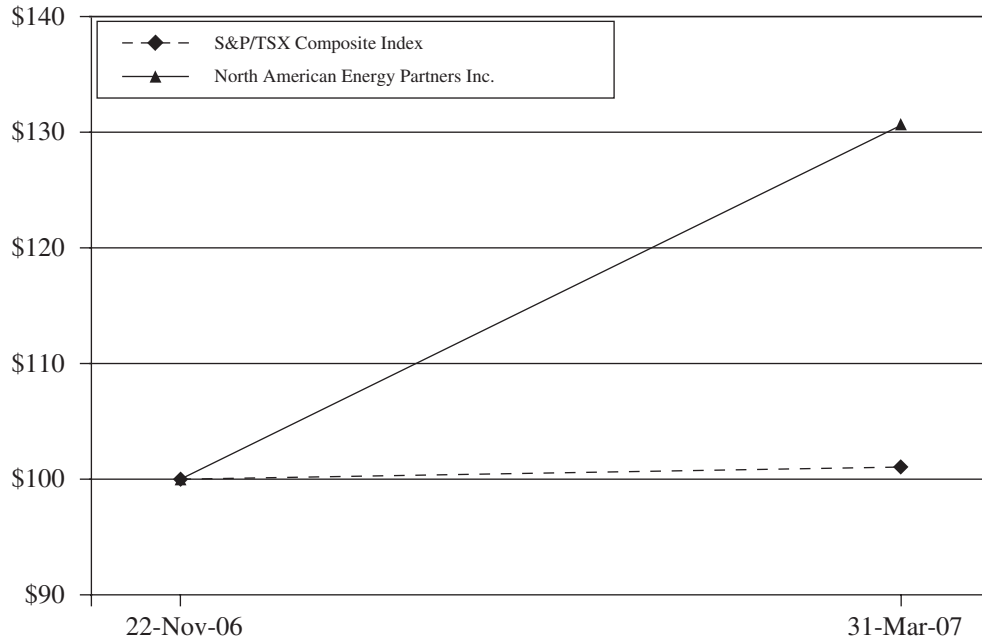
On July 16, 2006, the Compensation Committee recommended, and the Board of Directors approved, two changes to the structure of the Chief Executive Officer's compensation to more closely align the interests of the Chief Executive Officer with those of NAEP Shareholders. These two changes were: (i) a 16% base salary decrease from the fiscal 2006 base salary of \$625,000 to \$525,000 (these amounts include a \$25,000 travel allowance); and (ii) a corresponding increase to the short-term bonus eligibility for fiscal 2007 from 50% to 100% of base salary (excluding travel allowance). A short-term bonus payment for fiscal 2007, recommended by the Compensation Committee and approved by the Board of Directors, for the Chief Executive Officer was processed on July 20, 2006, such bonus in the amount of \$386,615.

#### **Report Presented by the Compensation Committee:**

John Brussa  
William Oehmig  
Richard Paterson (Chairman)  
Allen Sello

## PERFORMANCE GRAPH

The following graph compares the percentage change in the cumulative NAEP Shareholder return for \$100 invested in NAEP Common Shares at the IPO of \$18.38 for each NAEP Common Share with the total cumulative return of the S&P/TSX Composite Index for the period from November 22, 2006 to March 31, 2007. On March 30, 2007, the NAEP Common Shares closed at \$24.00 per NAEP Common Share on the TSX.



The following table shows the value of \$100 invested in NAEP Common Shares on November 22, 2006 compared to \$100 invested in the S&P/TSX Composite Index\*:

<b>For the Financial Years Ended:</b>	<b>November 22, 2006</b>	<b>March 31, 2007</b>
North American Energy Partners Inc. ....	\$100.00	\$130.58
S&P/TSX Composite Index .....	\$100.00	\$101.05

\* Assuming reinvestment of dividends/distributions.

## COMPENSATION OF DIRECTORS

The Corporation's directors, other than Messrs. McIntosh and Ruston, each receive an annual aggregate retainer of \$32,500 and a fee of \$1,500 for each meeting of the Board of Directors or any committee of the Board that they attend, and are reimbursed for reasonable out-of-pocket expenses incurred in connection with their services pursuant to the Corporation's policies. The Chair of the Corporation's audit committee receives an additional annual retainer of \$10,000. Mr. McIntosh, the Chairman of the Board received a retainer from April 1, 2006 to July 1, 2006 paid at a rate of \$150,000 per annum. From July 1, 2006 to March 31, 2007, Mr. McIntosh received a retainer paid at a rate of \$157,500 per annum. In addition, Mr. McIntosh received bonuses of \$205,000 in June 2005, \$163,733 in July 2006 and \$106,543 in March 2007. Mr. Ruston does not receive director compensation.

In addition, the Corporation's directors have received grants of stock options under the 2004 Share Option Plan. Effective November 2003, each director, excluding Messrs. Brokaw, Tomsett, McIntosh, Paterson, Sello and Ruston, received options to purchase 27,760 NAEP Common Shares. Mr. McIntosh received options to acquire 70,000 NAEP Common Shares in May 2004, Mr. Paterson received options to purchase 27,760 NAEP Common Shares in November 2005, Mr. Sello received options to purchase 27,760 NAEP Common Shares in February 2006 and Mr. Brokaw received options to purchase 27,760 NAEP Common Shares in June 2006. All the options have an exercise price of \$5 per share, vest at the rate of 20% per year over five years and expire ten years after their grant date. The vesting of the options granted to Messrs. Brokaw and Paterson has been accelerated as if they had been issued effective November 2003. Mr. Tomsett was granted options to acquire 27,760 NAEP Common Shares in September 2006. These options have an exercise price of \$16.75 per share, vest at the rate of 20% per year over five years and expire ten years after their grant date.

On June 29, 2006, NACG Holdings Inc., the predecessor to the Corporation, offered each director holding stock options, excluding Messrs. McIntosh and Ruston, the option to have all of his options become immediately exercisable on the condition that he exercise all such options by September 30, 2006. One director, Mr. Oehmig, accepted this option. The stock options of the other directors remained unchanged.

### **Directors' and Officers' Insurance**

The Corporation maintains directors' and officers' insurance for an aggregate amount of \$25,000,000. The policy provides primary coverage of \$10,000,000 for the one-year period from June 1, 2007 to June 1, 2008 at a premium of \$138,000 and a deductible of \$500,000. An excess layer of coverage for \$10,000,000 has also been purchased at a premium of \$90,000 for the one-year period from June 1, 2007 to June 1, 2008. The excess layer does not have a deductible. There is also a second excess layer of coverage for \$5,000,000, which has been purchased at a premium of \$33,750 for the one-year period from June 1, 2007 to June 1, 2008, and for which there is no deductible.

### **Indemnification**

The Corporation has entered into indemnity agreements with its directors and officers, whereby it has agreed to indemnify its directors, officers and certain other employees from all liabilities, obligations, charges and expenses, reasonably incurred by such director, officer or other employee in respect of any civil, criminal, investigative, administrative action or other proceeding in which such individual is involved by reason of being or having been a director, officer or employee of the Corporation (or a direct or indirect affiliate) of the Corporation, provided that (i) he or she acted honestly and in good faith with a view to the best interests of the Corporation, or (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his conduct was lawful, and (iii) in the case of an action by or on behalf of the Corporation or other entity to procure a judgment in its favour, the Corporation obtains any approval required under the *Canada Business Corporations Act* in respect of such indemnification.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Figure in column (a) as a percentage of issued and outstanding NAEP Common Shares (b)	Weighted-average exercise price of outstanding options, warrants and rights (c)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(A)</sup> (d)	Figure in column (d) as a percentage of issued and outstanding NAEP Common Shares (e)
Equity compensation plans approved by securityholders	2,186,840	6.12%	\$6.03	1,332,386	3.73%
Equity compensation plans not approved by securityholders	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>2,186,840</b>	<b>6.12%</b>	<b>\$6.03</b>	<b>1,332,386</b>	<b>3.73%</b>

(A) The Share Option Plan states that the Compensation Committee may issue options, provided that the aggregate number of NAEP Common Shares that may be issued from treasury under the plan may not exceed 10% (representing as of August 13, 2007, 3,575,206 NAEP Common Shares) of the number of issued and outstanding NAEP Common Shares on a non-diluted basis immediately prior to the proposed option issuance.

### INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the directors or officers of the Corporation had any outstanding indebtedness to the Corporation or any of its subsidiaries during fiscal 2007 or as at the date hereof.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no proposed nominee for election as a director nor any associate or any affiliate of any such director, officer or nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed below. Furthermore, no informed person (as such term is defined under applicable securities laws), proposed nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed nominee has or had a material interest, direct or indirect, in any transaction since the beginning of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries or affiliates, except as disclosed below.

#### **Certain Selling Shareholders**

Certain of the Corporation's shareholders sold NAEP Common Shares in (i) the Corporation's initial public offering and secondary offering in November, 2006 (the "IPO"), as more particularly described in the Corporation's prospectus dated November 21, 2006 (the "IPO Prospectus") in connection with such offering and (ii) the secondary offering of NAEP Common Shares in August, 2007 (the "2007 Offering"), as more particularly described in the Corporation's short form prospectus dated July 31, 2007 (the "2007 Prospectus") in connection with such offering. The shareholders of the Corporation who sold NAEP Common Shares in the IPO and in the 2007 Offering sold, as a group, an aggregate of 4,437,500 NAEP Common Shares in the IPO (including the over-allotment option in connection therewith) and 8,358,604 NAEP Common Shares in the 2007 Offering (including the over-allotment option in connection therewith). Certain of the Corporation's directors are affiliated with the Selling Shareholders, as more particularly described in the IPO Prospectus and the 2007 Prospectus, copies of which can be accessed at [www.sedar.com](http://www.sedar.com).

### **Advisory Services Agreement**

For purposes of this section, a reference to the “Corporation” refers to a reference to North American Energy Partners Inc., any predecessor corporation, and its direct and indirect affiliates. The Corporation was party to an advisory services agreement, dated November 21, 2003, with The Sterling Group, L.P., Genstar Capital, L.P., Perry Strategic Capital Inc., and SF Holding Corp., referred to in the agreement as the “sponsors,” that was terminated in connection with the IPO for aggregate consideration of \$2.0 million. Pursuant to the agreement, the sponsors provided certain services to the Corporation, including financial advisory services in connection with corporate financing transactions and business combinations. For additional information, please refer to the IPO Prospectus and the 2007 Prospectus, copies of which can be accessed at [www.sedar.com](http://www.sedar.com).

### **Office Leases**

The Corporation is a party to lease agreements with Acheson Properties Ltd., a company owned, indirectly and in part, by Martin Gouin, one of the Corporation’s former directors. Mr. Gouin has a 50% beneficial interest in Acheson Properties Ltd. Pursuant to the agreements, the Corporation leases its corporate headquarters in Acheson, Alberta, and its offices in Fort Nelson, British Columbia and Regina, Saskatchewan. For the fiscal years ended March 31, 2007, 2006 and 2005, we paid \$571,994, \$836,484 and \$823,827, respectively, pursuant to these leases. The fiscal 2007 amount represents the lease payments from April 2006 to November 2006, as upon completion of the Corporation’s IPO the lease was no longer a related party transaction. The lease agreements were in place before the Acquisition in November 2003. Management believes the terms of these lease agreements are similar to what would have been obtained from an unaffiliated third-party.

### **Information Rights Agreements**

The Corporation was party to a voting agreement, dated November 26, 2003, with affiliates of the sponsors that terminated upon the completion of the IPO. The Corporation has entered into a letter agreement with each sponsor pursuant to which the Corporation has engaged such sponsor to provide its expertise and advice to the Corporation for no fee. For additional information, please refer to the IPO Prospectus and the 2007 Prospectus, copies of which can be accessed at [www.sedar.com](http://www.sedar.com).

### **Shareholders Agreements**

All holders of NAEP Common Shares who were also employees of the Corporation or employees of any of the Corporation’s subsidiaries were parties to an employee shareholders agreement prior to the IPO. All other holders of NAEP Common Shares prior to the IPO were parties to an investor shareholders agreement. Both the employee shareholders agreement and the investor shareholders agreement terminated upon the completion of the IPO.

### **Registration Rights Agreement**

The Corporation is a party to a registration rights agreement with certain of the Corporation’s shareholders, including affiliates of each of the sponsors, Paribas North America, Inc. and Mr. William Oehmig, one of the Corporation’s directors. After the IPO, the shareholders party to the agreement and their permitted transferees are entitled, subject to certain limitations, to include their NAEP Common Shares in a registration of NAEP Common Shares the Corporation initiates under the Securities Act of 1933, as amended (the “Securities Act”). In addition, after the 120th day following the IPO, any one or more shareholders party to the agreement has the right to require the Corporation to effect the registration of all or any part of such shareholders’ NAEP Common Shares under the Securities Act, referred to as a “demand registration,” so long as the amount of NAEP Common Shares to be registered has an aggregate fair market value of at least US\$5.0 million and, at such time, the SEC has ordered or declared effective fewer than four demand registrations initiated by the Corporation pursuant to the registration rights agreement. In the event the aggregate number of NAEP Common Shares which the

shareholders party to the agreement request the Corporation to include in any registration, together, in the case of a registration initiated by the Corporation, with the NAEP Common Shares to be included in such registration, exceeds the number which, in the opinion of the managing underwriter, can be sold in such offering without materially affecting the offering price of such shares, the number of shares of each shareholder to be included in such registration will be reduced pro rata based on the aggregate number of shares for which registration was requested. The shareholders party to the agreement have the right to require, after four demand registrations, one registration in which their common shares will not be subject to pro rata reduction with others entitled to registration rights.

The Corporation may opt to delay the filing of a registration statement required pursuant to any demand registration for:

- up to 120 days if the Corporation has (i) decided to file a registration statement for an underwritten public offering of NAEP Common Shares, the net proceeds of which are expected to be at least US\$20.0 million, or (ii) initiated discussions with underwriters in preparation for a public offering of NAEP Common Shares as to which the Corporation expects to receive net proceeds of at least US\$20.0 million and the demand registration, in the underwriters' opinion, would have a material adverse effect on the offering or
- up to 90 days following a request for a demand registration if the Corporation is in possession of material information that it reasonably deems advisable not to disclose in a registration statement.

The Corporation's right to delay the filing of a registration statement if it possesses information that it deems advisable not to disclose does not obviate any disclosure obligations which it may have under the Exchange Act or other applicable laws; it merely permits the Corporation to avoid filing a registration statement if management believes that such a filing would require the disclosure of information which otherwise is not required to be disclosed and the disclosure of which management believes is premature or otherwise inadvisable.

The registration rights agreement contains customary provisions whereby the Corporation and the shareholders party to the agreement indemnify and agree to contribute to each other with regard to losses caused by the misstatement of any information or the omission of any information required to be provided in a registration statement filed under the Securities Act. The registration rights agreement requires the Corporation to pay the expenses associated with any registration other than sales discounts, commissions, transfer taxes and amounts to be borne by underwriters or as otherwise required by law. Management believes the registration rights agreement, though not negotiated on an arm's length basis, is on terms comparable to other similar agreements.

### **Series B Preferred Shares**

In connection with the reorganization of the Corporation and its predecessor entities, each holder of Series B preferred shares in the capital of the pre-amalgamation North American Energy Partners Inc., one of the predecessor entities to the Corporation, received 100 NACG Holdings Inc. common shares for each Series B preferred share held. Pursuant to this conversion, the investment entities controlled by the indicated sponsors received the following number of common shares in exchange for their Series B preferred shares:

<b>The Sterling Group, L.P.</b>	<b>2,278,500</b>
<b>Genstar Capital, L.P.</b>	<b>1,650,000</b>
<b>Perry Strategic Capital Inc.</b>	<b>1,650,000</b>
<b>SF Holding Corp.</b>	<b>1,099,700</b>

For additional information on the Series B preferred shares, refer to note 17(a)(iii) in the Corporation's consolidated financial statements, a copy of which can be accessed at [www.sedar.com](http://www.sedar.com).

## REPORT ON CORPORATE GOVERNANCE PRACTICES

### *Board of Directors*

The National Policy 58-201 – Corporate Governance Guidelines of the Canadian Securities Administrators recommends that boards of directors of reporting issuers be composed of a majority of independent directors. With eight of the nine directors proposed to be nominated considered independent, the Board of Directors is composed of a majority of independent directors. Mr. Ruston is considered to have a material relation with the Corporation by virtue of his executive officer position with the Corporation and is therefore not independent. The remaining directors are independent and the Chairman of the Board, Mr. McIntosh, is an independent director. The Board of Directors has determined that each of the directors, other than Mr. Ruston, is an independent director within the meaning of the rules of the New York Stock Exchange applicable to U.S. domestic listed companies and applicable Canadian securities laws.

In order to facilitate open and candid discussion among the Corporation's independent directors, the Board holds in-camera sessions which exclude the non-independent director, Mr. Ruston.

### *Directorships with Other Issuers*

Currently, the following directors serve on the boards or act as trustees of other public companies, as listed below:

Name	Name of Reporting Issuer	Exchange	From
RONALD A. MCINTOSH	Advantage Oil & Gas Ltd. <sup>(a)</sup>	TSX	September 1998
	C1 Energy Ltd.	TSX	2001
JOHN A. BRUSSA	Penn West Energy Trust	NYSE	April 1995
	Crew Energy Inc.	TSX	July 2003
	Divestco Inc.	TSX	September 2006
	Baytex Energy Ltd. (a wholly owned subsidiary of Baytex Energy Trust)	TSX	July 2003
	BlackWatch Energy Services Ltd. (a wholly owned subsidiary of BlackWatch Energy Services Trust)	TSX	June 2006
	Cirrus Energy Corporation	CDNX	March 2004
	E4 Energy Inc.	CDNX	August 2002
	Endev Energy Inc.	TSX	January 2002
	Enseco Energy Services Corp.	TSX	March 2006
	FET Resources Inc. (a wholly-owned subsidiary of Focus Energy Trust)	CDNX	October 1997
	Flagship Energy Inc.	TSX	May 2005
	Galleon Energy Inc.	TSX	March 2003
	Harvest Operations Corp. (a wholly owned subsidiary of Harvest Energy Trust)	TSX	October 2002
	Highpine Oil & Gas Limited	TSX	February 2000

Name	Name of Reporting Issuer	Exchange	From
	Ontario Energy Savings Corp. (a wholly-owned subsidiary of Energy Savings Income Fund)	CDNX	
	Orleans Energy Ltd.	CDNX	February 2001
	Pilot Energy Ltd.	TSX	June 2005
	Progress Energy Ltd. (a wholly owned subsidiary of Progress Energy Trust)	TSX	April 2004
	Rider Resources Ltd.	TSX	November 2000
	Sound Energy Trust (formerly NAV Energy Trust)	TSX	February 2003
	SET Resources (a wholly owned subsidiary of Sound Energy Trust)	TSX	August 2006
	Trafalgar Energy Ltd.	TSX	June 2006
WILLIAM C. OEHMIG	Propex Inc.	N/A <sup>(b)</sup>	November 2004
	Panolam Industries International Incorporated	N/A <sup>(b)</sup>	September 2005
RICHARD D. PATERSON	Propex Inc.	N/A <sup>(b)</sup>	December 2003
ALLEN R. SELLO	Sterling Shoes Income Fund <sup>(c)</sup>	TSX	May 2005
	Infowave Software Inc.	TSX	January 2006
PETER W. TOMSETT	Silver Standard Resources Inc.	TSX	November 2006
	Equinox Minerals Ltd.	TSX	July 2007
K. RICK TURNER	Energy Transfer Partners L.P.	NYSE	February 2004
	Energy Transfer Equity, L.P.	NYSE	February 2006

- (a) Advantage Oil & Gas Ltd. is a wholly-owned subsidiary of Advantage Energy Income Fund, an open-ended, unincorporated investment trust established under the laws of the Province of Alberta and created pursuant to a Trust Indenture on April 17, 2001.
- (b) These companies have issued bonds to the public in the United States which are registered with the Securities and Exchange Commission.
- (c) Mr. Sello is a trustee of Sterling Shoes Income Fund and also serves as a director of the general partner of the underlying partnership (Sterling Shoes GP Inc.).

### ***Board and Committee Attendance of Directors***

With respect to fiscal 2007, the Board of Directors formally met nine times, the Audit Committee formally met seven times, the Compensation Committee formally met five times the Governance Committee formally met one time, and the Risk Committee formally met four times. Attendance records of the members of the Board of Directors and Committee members with respect to fiscal 2007 were as follows:

Name	Board Meetings Attended / Scheduled	Audit Committee Meetings Attended / Scheduled	Compensation Committee Meetings Attended / Scheduled	Governance Committee Meetings Attended / Scheduled	Risk Committee Meetings Attended / Scheduled
E.J. ANTONIO <sup>(a)</sup>	1/1				
DON GETTY <sup>(b)</sup>	5/5		2/2 <sup>(b)</sup>		
MARTIN GOUIN <sup>(c)</sup>	1/7				
GEORGE R. BROKAW	9/9	6/7			4/4
JOHN A. BRUSSA	8/9	2/3 <sup>(e)</sup>	4/5	1/1	
JOHN D. HAWKINS	9/9	7/7		1/1	
RONALD A. MCINTOSH	8/9	7/7	2/2 <sup>(f)</sup>		4/4
WILLIAM C. OEHMIG	8/9		4/5		4/4
RICHARD PATERSON	9/9		5/5	1/1	
RODNEY J. RUSTON	7/9				
ALLEN R. SELLO	9/9	7/7	4/4 <sup>(g)</sup>		
PETER W. TOMSETT <sup>(d)</sup>	6/9			1/1	4/4
K. RICK TURNER	9/9	6/7		1/1	

(a) Mr. Antonio resigned as a director of the Corporation effective June 29, 2006

(b) Mr. Getty ceased to be a director of the Corporation on November 3, 2006

(c) Mr. Gouin resigned as a director effective November 28, 2006

(d) Mr. Tomsett became a director of the Corporation on September 19, 2006

(e) Mr. Brussa ceased to be a member of the Audit Committee after September 19, 2006

(f) Mr. McIntosh ceased to be a member of the Compensation Committee after September 19, 2006

(g) Mr. Sello did not become a member of the Compensation Committee until after June 28, 2006

### ***Mandate of the Board of Directors***

The Board of Directors supervises the management of the Corporation's business as provided by Canadian law and complies with the listing requirements of the New York Stock Exchange applicable to U.S. domestic listed companies, which require that the Board of Directors be composed of a majority of independent directors within one year of the listing of the NAEP Common Shares on the New York Stock Exchange.

### ***Position Descriptions for the Chairman of the Board of Directors and Committee Chairs***

The Chairman of the Board of Directors (the "Board Chair") reports to the Board of Directors and shareholders and provides leadership to the Board of Directors relating to the effective execution of all Board responsibilities. The Board Chair is a non-management director and the Board Chair's performance will be measured against the effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.

Specifically, the Board Chair has the responsibility to, amongst other things:

- (a) provide leadership in ensuring that the Board works harmoniously as a cohesive team;
- (b) facilitate the Board functioning independently of management by ensuring that the Board meets regularly without management and by engaging outside advisors as required;
- (c) provide guidance to the Board and management to ensure that the responsibilities of the Board are well understood by both the Board and management and that the boundaries between Board and management responsibilities are clearly understood and respected;
- (d) attend committee meetings and communicate with directors between meetings as required;
- (e) establish procedures to govern the function of the Board;
- (f) assist the Governance Committee in implementing the Board assessment;
- (g) lead in continuous improvement of Board processes;
- (h) upon the recommendation of the Governance Committee, approach new candidates to serve on the Board;
- (i) represent shareholders and the Board to management and represent management to the Board and shareholders;
- (j) work with the Board and the Chief Executive Officer to ensure that the Corporation is building a healthy governance culture, assist in effective communication between the Board and management, maintain regular contact with the Chief Executive Officer, and serve as advisor to the Chief Executive Officer and other senior officers;
- (k) act as the Chair for annual and special meetings of the shareholders; and
- (l) receive concerns addressed to the Board from stakeholders about the Corporation's corporate governance, business conduct and ethics or financial practices.

The Chair of each of the Audit Committee, Compensation Committee, Governance Committee and Risk Committee each has the responsibility to (i) provide leadership to the committee and to ensure that each of his or her respective Committees works harmoniously as a cohesive team, (ii) facilitate the Committee functioning independently of management by meeting regularly without management and engaging outside advisors as required, (iii) communicate with Committee members between meetings as required, (iv) facilitate information sharing with other Committees as required, (v) lead in continuous improvement of Committee processes, and (vi) assist in effective communication between the Committee and management. The Chair of each Committee determines the time, place and procedures for the Committee meetings, subject to requirements of the Committee's charter.

#### ***Position Description for the Chief Executive Officer***

The Corporation has developed a written position description for the Chief Executive Officer. This description is included in the Compensation Committee Charter as Appendix A. The description provides that the Chief Executive Officer is responsible for the successful management of the business and affairs of the Corporation and has the responsibility to:

- (a) report to and work with the Board of Directors so that it may fulfill its oversight role;
- (b) advise the Board of Directors in a timely manner of major issues and risks that may affect the Corporation;
- (c) recommend to the Board the strategic direction of the Corporation and implement approved operational and business plans;
- (d) provide the overall leadership, direction and management of the business operations to achieve the Corporation's goals and objectives;

- (e) allocate financial and human capital for the successful management and financial performance of the Corporation;
- (f) foster a culture of integrity and set the ethical tone for the Corporation;
- (g) establish the policies and procedures to effectively operate the Corporation in an efficient and controlled manner;
- (h) monitor and manage the risks of the Corporation;
- (i) recommend to the Board any acquisition, merger, divestiture and the entry or exit of any business unit of the Corporation;
- (j) establish the corporate structure and major accountabilities;
- (k) oversee the relationship between the Corporation and the public;
- (l) develop, supervise and evaluate the executive officers and recommend to the Compensation Committee the selection and compensation of executive officers; and
- (m) identify potential successors for the positions of Chief Executive Officer and develop a succession plan for executive management.

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

Management encourages the directors to attend relevant education and development opportunities to improve their skills and abilities to carry out the role as a director at the Corporation. Expenses associated with attendance at seminars, conferences and education sessions and/or membership to the Institute of Corporate Directors are reimbursed by the Corporation.

Management has provided two sources of training and industry seminars which have been placed on the director extranet site and are updated regularly:

1. Industry Conferences – Management updates this list as conferences are scheduled.
2. Access to the Institute of Corporate Directors website – This website offers current information for directors and a variety of development opportunities.

### ***Code of Conduct and Ethics Policy***

In order to ensure that directors exercise independent judgment and to encourage and promote ethical standards and behaviour, the Board of Directors has a written Code of Conduct and Ethics Policy (the “Code”) setting out general statements of conduct and ethical standards to be followed by all of the Corporation’s personnel. A copy of the Code may be obtained at the Corporation’s website at [www.naepi.ca](http://www.naepi.ca).

In order to ensure compliance with the Code, the Board of Directors and the Corporation have implemented an ethics reporting policy (the “Reporting Policy”), a copy of which may be obtained at the Corporation’s website at [www.naepi.ca](http://www.naepi.ca). The objectives of the Reporting Policy are to (i) provide a means of reporting non-compliance with the Code and (ii) to comply with the *Sarbanes Oxley Act* and securities regulations. Under the Reporting Policy, the Corporation’s personnel are required to report any conduct which they believe, in good faith, to be a violation or apparent violation of the Code. The Corporation keeps the identity of the person making the report for every reported violation confidential, except as otherwise required by law, and a copy of all reported violations are confidential until action is taken to correct the violation, at which time the violation may become known (but not the identity of the individual filing the report). The Policy further provides that there is not to be any retaliation against the reporter.

The Corporation has the option to report violations of the Code either internally or externally in the following ways:

- (a) internal reporting is through a supervisor, the Corporation's executive or its Board of Directors and its Committees;
- (b) effective anonymous reporting is through an independent ethics reporting firm; or
- (c) directly to the Chairman of the Board or Audit Committee Chair.

In all cases there are two reviewers for each reported violation, which ensures an effective independent review and a control over segregation of reviewing responsibility to ensure that reported violations are investigated appropriately and thoroughly. For serious violations of the Code, the Audit Committee Chair or the Board Chair will be advised immediately of the reported violation. All reported violations are summarized and provided to the Audit Committee at least quarterly. The Audit Committee Chair and the Board Chair will have access, at all times, to the status and content of Reported Violations.

The Code provides additional safeguards to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest by requiring that all personnel avoid any activity which creates or gives the appearance of a conflict of interest between an individual's personal interests and the Corporation's interests. Specifically, the Code provides that, unless a waiver is granted, no personnel shall (i) seek or accept any personal loan or guarantee of any obligation or services from any outside business, (ii) act as a consultant or employee of or otherwise operate an outside business if the demands of the outside business would interfere with the employee's responsibilities to the Corporation, (iii) conduct business on behalf of the Corporation with a close personal friend or immediate family member, (iv) take for themselves opportunities that arise through the use of the Corporation's property or information or through their position within the Corporation.

#### **Nomination of Directors**

Please see section captioned "Governance Committee" below.

#### **Compensation Determination**

Please see section captioned "Compensation Committee" below.

#### **Committee and Director Assessments**

Given the Corporation's recent IPO, the Corporation is in the process of conducting Committee and Board effectiveness assessments. These assessments will be completed in fiscal 2008.

## BOARD COMMITTEES

### *Audit Committee*

The Audit Committee has full and unrestricted access to the Corporation's internal finance department to review issues as appropriate and meets directly with the external auditors of the Corporation on a regular basis. The Audit Committee monitors the integrity of the Corporation's financial information and monitors the system of internal controls over financial reporting. The Audit Committee also recommends independent public accountants to the Board, oversees the work of the external auditor, reviews the quarterly and annual financial statements and associated audit reports and reviews the fees paid to the Corporation's auditors. The Audit Committee reviews the audit findings report, approves quarterly financial statements and recommends annual financial statements for approval to the Board. The Corporation complies with Rule 10A-3 under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and the listing requirements of the New York Stock Exchange and the requirements of the Canadian securities regulatory authorities that require that the Corporation's Audit Committee be composed solely of independent directors within one year of the effectiveness date of the registration statement. One member of the Audit Committee is designated as the audit committee financial expert, as defined by Item 401(h) of Regulation S-K of the Exchange Act. The Board of Directors has adopted a written charter for the Audit Committee that is available on the Corporation's website and which can be accessed at [www.sedar.ca](http://www.sedar.ca). The Audit Committee is currently composed of Messrs. Brokaw, Hawkins, McIntosh, Sello and Turner, with Mr. Sello serving as Chairman.

For the fiscal years ended March 31, 2007 ("fiscal 2007") and March 31, 2006, the Corporation incurred the following fees for the services of KPMG:

### *Audit Fees*

The aggregate fees billed by KPMG, the Corporation's independent auditor, for the fiscal years ended March 31, 2007, 2006 and 2005, for professional services rendered by KPMG for the audit of the Corporation's annual financial statements, related audit work in connection with registration statements and other filings with various regulatory authorities, and quarterly interim reviews of the consolidated financial statements or services that are normally provided by KPMG in connection with statutory and regulatory filings or engagements for such fiscal years, were \$2,375,000, \$2,617,000 and \$1,330,000, respectively.

### *Audit Related Fees*

The aggregate fees billed by KPMG for the fiscal years ended March 31, 2007, 2006 and 2005, for planning and scoping work and advice relating to compliance and internal controls over financial reporting were \$52,000, \$62,000 and \$31,000, respectively.

### *Tax Fees*

The aggregate fees billed by KPMG for the fiscal years ended March 31, 2007, 2006 and 2005, for tax compliance services were \$16,640, \$15,000 and \$25,000, respectively.

### *All Other Fees*

KPMG did not perform any other services for the Corporation.

### ***Recommendation of the Board of Directors***

The Board of Directors recommends a vote "for" the re-appointment of KPMG as independent auditors of the Corporation for the fiscal year ending March 31, 2008 and authorizing the Board of Directors to fix the auditor's remuneration.

### ***Compensation Committee***

The Corporation has engaged the services of specialized compensation consultants to assist in developing the appropriate total compensation philosophy and structure and to assist management in the development of the various programs within our Compensation framework. The Corporation engaged the services of these consultants to perform studies of the market comparator group of corporations to evaluate the NAEP total compensation and to make recommendations. The Corporation also engaged the services of compensation consultants to assist NAEP in developing a new long-term incentive plan for fiscal 2008 and to assist with director compensation. The Compensation Committee is responsible for supervising executive compensation policies for the Corporation and its subsidiaries, administering the employee incentive plans, reviewing officers' salaries, approving significant changes in executive employee benefits and recommending to the Board such other forms of remuneration as it deems appropriate. The Corporation complies with the listing requirements of the New York Stock Exchange applicable to U.S. domestic listed corporations that require the Corporation's Compensation Committee be composed of a majority of independent directors within 90 days of the listing of the Corporation's common shares on the New York Stock Exchange and that it be composed solely of independent directors within one year of such listing. The Corporation's Board of Directors has adopted a written charter for the Compensation Committee that is available on the Corporation's website ([www.naepi.ca](http://www.naepi.ca)). The Compensation Committee is currently composed of Messrs. Brussa, Oehmig, Paterson and Sello, with Mr. Paterson serving as Chairman.

### ***Governance Committee***

The Governance Committee is responsible for recommending to the Board of Directors proposed nominees for election to the Board of Directors by the shareholders at annual meetings, including an annual review as to the renominations of incumbents and proposed nominees for election by the Board of Directors to fill vacancies that occur between shareholder meetings, and making recommendations to the Board of Directors regarding corporate governance matters and practices. The Corporation complies with the listing requirements of the New York Stock Exchange applicable to domestic listed corporations that require the Corporation to establish a nominating and corporate governance committee composed of a majority of independent directors within 90 days of the listing of the Corporation's common shares on the New York Stock Exchange and that it be composed solely of independent directors and have at least three members within one year of such listing. The Corporation's Board of Directors has adopted a written charter for the Governance Committee that is available on the Corporation's website. The Governance Committee is currently composed of Messrs. Brussa, Hawkins, Paterson, Tomsett and Turner, with Mr. Tomsett serving as Chairman.

### ***Risk Committee***

The Risk Committee is responsible for overseeing all of the Corporation's non-financial risks, approving the Corporation's risk management policies and reviewing the risks and related risk mitigation plans within the Corporation's strategic plan. The Risk Committee is currently composed of Messrs. Brokaw, McIntosh, Oehmig and Tomsett, with Mr. Oehmig serving as Chairman.

The Board may also establish other committees.

## ADDITIONAL INFORMATION

Copies of the following documents are available upon written request to the Secretary of the Corporation at North American Energy Partners Inc., Zone 3, Acheson Industrial Area, 2-53016 Highway 60, Acheson, Alberta T7X 5A7:

- (i) the 2007 Annual Report to Shareholders containing the audited consolidated financial statements for the year ended March 31, 2007 together with the accompanying Auditor's Report and the Annual MD&A;
- (ii) this Information Circular; and
- (iii) the 2007 Annual Information Form, as amended.

Additional information relating to the Corporation can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) database at [www.sedar.com](http://www.sedar.com) and the website of the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). Financial information of the Corporation is provided in the Corporation's comparative financial statements and Annual MD&A for the Corporation's most recently completed financial year.

## GENERAL

All matters referred to herein for approval by NAEP Shareholders require a simple majority of the NAEP Shareholders voting at the Meeting, whether in person or by proxy. Except where otherwise indicated, information contained herein is given as of the date hereof.

## APPROVAL OF PROXY CIRCULAR

The undersigned hereby certifies that the contents and the distribution of this Information Circular have been approved by the Board of Directors of the Corporation.

**DATED** at Acheson, Alberta, this 17<sup>th</sup> day of August, 2007.

(signed) "Douglas A. Wilkes"

\_\_\_\_\_  
Chief Financial Officer



