Consolidated Interim Financial Statements of

TUCKAMORE CAPITAL MANAGEMENT INC.

Three Months Ended March 31, 2014 and 2013
(Unaudited)

These statements have not been reviewed by an independent firm of Chartered Accountants.

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Balance Sheets
(In thousands of Canadian dollars)
(unaudited)

As at		March 31, 2014		December 31, 2013
Assets				
Current Assets:				
Cash and cash equivalents	$	18,173	$	28,883
Cash and short-term investments held in trust		2,950		2,950
Accounts receivable		166,630		145,858
Inventories		14,645		12,721
Prepaid expenses		2,705		6,753
Other current assets		2,647		2,733
Total current assets	$	207,750	$	199,898
Property, plant and equipment (note 2)		61,468		62,688
Long-term investments		28,091		28,281
Goodwill		61,128		61,128
Intangible assets		48,199		49,896
Other assets		633		633
Total assets	$	407,269	$	402,524
Liabilities and shareholders' equity				
Current liabilities:				
Accounts payable and accrued liabilities		74,488		65,807
Deferred revenue		3,059		3,048
Current portion of obligations under finance leases		5,989		6,041
Senior credit facility (note 3)		84,518		5,481
Unsecured debentures		-		24,819
Total current liabilities	$	168,054	$	105,196
Obligations under finance leases		10,391		11,584
Senior credit facility (note 3)		-		84,354
Secured debentures (note 3)		161,457		159,700
Deferred tax liability (note 4)		5,631		5,650
Shareholders' equity		61,736		36,040
Total liabilities & shareholders' equity	$	407,269	$	402,524

The accompanying notes are an integral part of these financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Statements of Income (loss) and Comprehensive Income (loss)
(In thousands of Canadian dollars, except per share amounts)
(unaudited)

		Three months ended March 31, 2014		Three months ended March 31, 2013 Restated[1]
Revenues	$	172,537	$	142,856
Cost of revenues		(135,825)		(115,207)
Gross profit		36,712		27,649
Selling, general and administrative expenses		(25,518)		(23,353)
Amortization of intangible assets		(1,719)		(2,707)
Depreciation		(3,323)		(3,877)
Income from long-term investments		1,349		1,781
Interest expense		(8,365)		(8,156)
Loss before income taxes	$	(864)	$	(8,663)
Income tax expense - current		(7)		(158)
Income tax recovery - deferred (note 4)		3,015		2,919
Net income (loss)	$	2,144	$	(5,902)
Net income (loss) and comprehensive income (loss)	$	2,144	$	(5,902)
Loss per share (note 5)				
Basic:				
Net income (loss)	$	0.03	$	(0.08)
Diluted:				
Net income (loss)	$	0.03	$	(0.08)

The accompanying notes are an integral part of these financial statements.
[1]Certain amounts shown here do not correspond to the interim consolidated financial statements previously published for the quarter ended March 31, 2013. Please refer to note 8 for more details.

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Statements of Shareholders' Equity
(In thousands of Canadian dollars, except per share amounts)
(unaudited)

	Number of shares		Shareholders' Capital		Deficit		Contributed Surplus		Total Shareholders' Equity
Balance - December 31, 2013	71,631,431	$	414,884	$	(387,107)	$	8,263	$	36,040
Net income for the period	-		-		2,144		-		2,144
Shares issued upon the settlement of Unsecured Debentures, net of tax (note 3 & 4)	8,493,143		23,552		-		-		23,552
Balance - March 31, 2014	80,124,574	$	438,436	$	(384,963)	$	8,263	$	61,736

	Number of shares		Shareholders' Capital		Deficit		Contributed Surplus		Total Shareholders' Equity
Balance - December 31, 2012	71,631,431	$	414,884	$	(369,726)	$	8,093	$	53,251
Net loss for the period	-		-		(5,902)		-		(5,902)
Stock-based compensation	-		-		-		170		170
Balance - March 31, 2013	71,631,431	$	414,884	$	(375,628)	$	8,263	$	47,519

The accompanying notes are an integral part of these financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
(unaudited)

		Three months ended March 31, 2014		Three months ended March 31, 2013 Restated[1]
Cash provided by (used in):				
Operating activities:				
Net income (loss) for the period	$	2,144	$	(5,902)
Items not affecting cash:				
Amortization of intangible assets		1,719		2,707
Depreciation		3,323		3,877
Deferred income tax recovery (note 4)		(3,015)		(2,919)
Income from long-term investments		(1,349)		(1,781)
Non-cash accretion expense		3,490		3,037
Amortization of deferred financing costs (note 3)		163		163
Stock based compensation expense		-		170
Changes in non-cash working capital		(9,940)		9,318
Total cash (used in) provided by operating activities	$	(3,465)	$	8,670
Investing activities:				
Distributions from long-term investments		1,535		1,313
Purchase of property, plant and equipment (note 2)		(2,076)		(444)
Net proceeds on disposal of property, plant and equipment		190		191
Purchase of software		(25)		-
Total cash (used in) provided by investing activities	$	(376)	$	1,060
Financing activities:				
Repayment of senior credit facility (note 3)		(5,481)		-
Repayment of obligations under finance leases		(1,388)		(1,629)
Total cash used in financing activities	$	(6,869)	$	(1,629)
(Decrease) increase in cash		(10,710)		8,101
Cash, beginning of period		28,883		10,543
Cash, end of period	$	18,173	$	18,644
Supplemental cash flow information:				
Interest paid		4,032		1,330
Supplemental disclosure of non-cash financing and investing activities:				
Acquisition of property, plant and equipment through finance leases		177		2,244

The accompanying notes are an integral part of these financial statements.
[1] Certain amounts shown here do not correspond to the interim consolidated financial statements previously published for the quarter ended March 31, 2013. Please refer to note 8 for more details.

Tuckamore Capital Management Inc. ("Tuckamore" or the "Company"), is a corporation formed pursuant to the Business Corporations Act (Ontario). The registered office is located in Toronto, Ontario. Tuckamore was created to indirectly invest in securities of private businesses, either in limited partnerships or in corporations (collectively the "Operating Partners").

The consolidated interim financial statements were authorized for issue in accordance with a resolution of the directors of Tuckamore on May 13, 2014.

1. Significant accounting policies

a) Basis of Presentation

These consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Financial Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

These consolidated interim financial statements have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

These consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2013.

b) New standards, interpretations and amendments adopted by the Company.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the Company's annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of the new standards and interpretations effective as of January 1, 2014.

The nature and the impacted of each new standard or amendment is described as below:

(i) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Company, since none of the entities in the Company qualify to be an investment entity under IFRS 10.

(ii) Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company's consolidated financial statements.

(iii) Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Company as the Company has not novated its derivatives during the current or prior periods.

i) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations were not yet effective as at January 1, 2014 and have not been applied in preparing these interim financial statements. Tuckamore's intention is to adopt the standards when they become effective.

The following is a brief summary of the new standard:

(i) IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 as issued reflects the IASB's work to date on the replacement of Financial Instruments: Recognition and Measurement (IAS 39), and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. In November 2013, the IASB issued a new version of IFRS 9 (IFRS 9 (2013)) which includes the new hedge accounting requirements and some related amendments to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures. IFRS 9 (2013) does not have a mandatory effective date. The impact of this ongoing project will be assessed by the Company as remaining phases of the project are completed. The impact of IFRS 9 on Tuckamore's consolidated financial statements is not known at this time.

2. Property, plant and equipment

During the three months ended March 31, 2014, the Company acquired assets with a cost of $2,253, including equipment under finance leases of $177 (March 31, 2013 - $2,688, including equipment under finance leases of $2,244).

a) Collateral:

As at March 31, 2014, property, plant and equipment of consolidated entities and joint ventures with a carrying amount of $42,375 and $984, respectively are subject to a general security agreement under the senior credit facility (December 31, 2013 - $42,303 and $975).

b) Capital Commitments:

As at March 31, 2014, Tuckamore had no capital commitments for the acquisition of new equipment (December 31, 2013 - $nil).

3. Senior credit facility and debentures

a) Senior credit facility

On March 9, 2012 Tuckamore completed an assignment (the "Assignment") to Bank of Montreal ("BMO") of its senior credit facility from Marret. In connection with the Assignment, BMO received an assignment of all of the rights and obligations of the Marret Lenders under the Senior Credit Facility. Tuckamore also entered into a third amended and restated credit agreement, providing improved borrowing terms to the Tuckamore group of companies (the "Amended Senior Credit Facility") and appointing BMO as agent. The maturity date of the senior credit facility is March 9, 2015. The Senior Credit Facility had an interest rate of prime plus 1.5%, and contained customary covenants which included interest coverage ratio, priority senior debt ratio and minimum EBITDA amount.

Effective November 13, 2012 Tuckamore reached an agreement to amend the financial covenants related to the Amended Senior Credit facility. The amended covenants include the interest coverage ratio, priority senior debt ratio and the minimum EBITDA amount. The amended covenants were in effect for three quarters commencing the quarter ended September 30, 2012. As part of the amendment, the interest rate on the Amended Senior Credit Facility was adjusted to prime plus 1.625%. The total cost of the amendment was 0.125% or $113.

On September 25, 2013 Tuckamore reached an agreement to amend the financial covenants ("the Second Amendment") related to the Senior Credit facility. The amended covenants include the interest coverage ratio, priority senior debt ratio and the minimum EBITDA amount, and are in effect for all quarters, commencing with the quarter ended September 30, 2013 through to December 2014. As part of the Second Amendment, the interest rate on the Senior Credit Facility was adjusted to prime plus 1.75%. This rate can be reduced when certain leverage ratios are achieved. The total cost of the amendment was 0.225% or $204.

Advances outstanding under the Amended Senior Credit Facility at March 31, 2014 total $85,156 with $60,000 of this amount as a revolving facility and the balance as a term facility.

At March 31, 2014 Tuckamore was in compliance with its debt covenants. There is a risk that the Company may not meet certain debt covenants in the future and without an amendment from its senior lenders, the senior credit facility and debentures would be due on demand and classified as current.

Tuckamore is obligated to repay a portion of the senior credit facility prior to the maturity date of the senior credit facility based on proceeds from specified dispositions, proceeds from the issuance of equity instruments or based on excess operating cash flows as defined. In March 2014, Tuckamore repaid $5,481 representing 75% of excess cash flow for the fourth quarter of 2013. There are no repayments due from excess cash flows for the first quarter of 2014.

(In thousands of Canadian dollars)

Senior credit facility at January 1, 2013	$ 90,755
Repayments	(118)
Total senior credit facility at December 31, 2013	$ 90,637
Repayments	(5,481)
Senior credit facility at March 31, 2014	$ 85,156
Deferred finance costs at January 1, 2013	(1,455)
Amortization of deferred financing costs	653
Deferred finance costs at December 31, 2013	(802)
Amortization of deferred financing costs	164
Deferred finance costs at March 31, 2014	(638)
Net Balance of senior credit facility at March 31, 2014	**$ 84,518**

b) Secured and unsecured debentures

On February 28, 2011, Tuckamore issued a management information circular to debenture holders which provided details of the proposed exchange of the existing convertible debentures (the "Exchange"). Under the proposed Exchange, the existing Debentures were to be mandatorily exchanged for second lien notes (the "Secured Debentures") and the unpaid accrued interest on the Debentures were to be exchanged for unsecured subordinated notes (the "Unsecured Debentures"). On March 18, 2011, the serial meetings of the debenture holders were held and at each meeting the debenture holders voted in favour of the Exchange transaction. As a result, the Secured Debentures and the Unsecured Debentures (the "New Debentures") were issued on March 23, 2011 pursuant to a new indenture agreement.

The aggregate principal amount of the Secured Debentures is $176,228 which satisfied the principal amount of the Debentures and principal amount and interest outstanding on the Subordinated Revolving Credit Facility on March 23, 2011. The maturity date of the Secured Debentures is March 23, 2016 (the "Secured Debenture Maturity Date"). The interest rate is 8% per annum, payable semi-annually in arrears on June 30 and December 31 in each year until the Secured Debenture Maturity Date. Tuckamore has the option to repurchase any or all of the Secured Debentures outstanding at any time and Tuckamore also has the right to redeem in cash any or all Secured Debentures outstanding at any time in its sole discretion without bonus or penalty, provided all accrued interest is paid at redemption, assuming Tuckamore has cash available and subject to any restrictions in the senior credit facility. Tuckamore is also obligated to redeem a portion of the Secured Debentures prior to the Secured Debenture Maturity Date in certain circumstances based on proceeds from specified dispositions, proceeds from the issuance of equity instruments or based on excess operating cash flow as defined. The Secured Debentures have a security interest in substantially all of Tuckamore's assets which is subordinated to similar security interests granted in connection with the Senior Credit Facility or certain debt incurred in the future by Tuckamore's subsidiaries. The Secured Debentures were listed on the Toronto Stock Exchange ("TSX") on the date of closing of March 23, 2011.

The Unsecured Debentures matured on March 23, 2014 (the "Unsecured Debenture Maturity Date"). Interest accrued on the principal amount of the Unsecured Debentures at a non-compounding rate of

(In thousands of Canadian dollars)

3.624% per annum, and was paid in cash in the amount of $2,887 at the Unsecured Debenture Maturity Date.

On March 24, 2014, pursuant to a mandatory conversion upon maturity, the Company satisfied the total principal owing under the Unsecured Debentures in the amount of $26,552. The principal was settled by the issuance of 8,493,143 common shares of the Company.

		Secured Debentures
Issue date		March 23, 2011
Principal Amount	$	176,228
Interest Rate		8.0%
Carrying value at March 31, 2014	$	161,457
Accretion expense recorded in 2014	$	1,757
Accretion expense remaining to be recorded prior to maturity	$	14,771
Maturity Date		March 23, 2016

4. Income taxes

The major components of income tax recovery (expense) are as follows:

Three months ended March 31		2014		2013
Total current income tax expense	$	(7)	$	(158)
Deferred income tax recovery:				
Origination and reversal of temporary differences		15		2,892
Deferred tax due to changes in tax rates		-		27
Deferred tax due to settlement of Unsecured Debentures		3,000		-
Total deferred income tax recovery	$	3,015	$	2,919

5. Income (loss) per share

The shares issuable under the stock options are the only potentially dilutive units.

The following table sets forth the adjustments to the numerator and denominator for fully diluted income (loss) per share:

Three months ended March 31		2014		2013
Numerator:				
Income (loss)	$	2,144	$	(5,902)
Net income (loss)	$	2,144	$	(5,902)
Denominator:				
Weighted average number of shares outstanding (basic)		72,386		71,631
Effect of stock options vested[1]		13,300		-
Weighted average number of shares outstanding (diluted)		85,686		71,631

[1]The effect of vested stock options as at March 31, 2013 was anti-dilutive.

(In thousands of Canadian dollars)

6. Related party disclosures

a) Advances to operating partnerships

Tuckamore regularly provides advances to the operating partnerships to fund working capital needs. The advances bear interest at prime plus 1%, are unsecured and are due on demand. Advances are included in other current assets. The following table reflects the advances to other joint venture partners of the Operating Partnerships:

As at		March 31, 2014		December 31, 2013
Net advances to joint venture operating partners	$	1,447	$	1,467

b) Employee loans

Employee loans were made to certain management and employees. In accordance with the terms and conditions, the loans bear interest at prime, were used to purchase shares of Tuckamore and are collateralized by shares and in certain cases personal guarantees. The loan balances were $1,309 as at March 31, 2014 and $1,335 at December 31, 2013.

c) Other related party transactions

Income from long-term investments includes $230 of rent expense paid to a company owned by the minority shareholder of Gusgo for the three months ended March 31, 2014 (2013 - $230). These transactions occurred in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to between the parties. Tuckamore shares space and services with a business which employs two of its directors, and paid $69 for the quarter ended March 31, 2014 (March 31, 2013 - $82) for such services. Interest charged to joint venture Operating Partners on advances was $173 (March 31, 2013 - $166). Two operating leases for property, with quarterly rents of $78 and $75 are with a landlord in which certain executives of Tuckamore hold an indirect minority interest.

7. Segmented information

Tuckamore has four reportable operating segments, each of which has separate operational management and management reporting information. A majority of Tuckamore's operations, assets and employees are located in Canada. The marketing segment represents an integrated direct marketing company and a provider of on-line promotional and loyalty programs and select insurance products. The industrial services segment includes two reportable operating segments and represents investments in a fully integrated provider of mid-stream production services to the energy industry and a provider of demolition contract services and site remediation services. The other segment includes a distributor and manufacturer of heavy equipment, a container transportation business and a reverse logistics provider. The corporate segment includes head office administrative and financing costs incurred by Tuckamore. The eliminations column represents adjustments required to reconcile Tuckamore's segmented reporting, to the reporting on the consolidated balance sheets and the consolidated statement of income (loss) and comprehensive income (loss). This column represents adjustments required to account for joint ventures under IFRS 11.

(In thousands of Canadian dollars)

Three months ended March 31, 2014	Marketing	Industrial Services		Other	Corporate	Eliminations	Total
		ClearStream	Quantum Murray				
Revenues	$ 6,645	$ 138,659	$ 31,825	$ 13,285	-	$ (17,877)	$ 172,537
Cost of revenues	(4,121)	(111,490)	(23,448)	(8,855)	-	12,089	(135,825)
Gross profit	2,524	27,169	8,377	4,430	-	(5,788)	36,712
Selling, general and administrative	(2,859)	(14,986)	(7,907)	(3,044)	(984)	4,262	(25,518)
Amortization of intangible assets	-	(1,418)	(295)	-	(6)	-	(1,719)
Depreciation	(109)	(2,097)	(1,150)	(122)	(3)	158	(3,323)
Income from long-term investments	-	-	-	-	-	1,349	1,349
Interest expense	(11)	(2,535)	(71)	(179)	(5,588)	19	(8,365)
(Loss) income before income taxes	$ (455)	$ 6,133	$ (1,046)	$ 1,085	(6,581)	-	$ (864)
Income tax expense - current	-	(7)	-	-	-	-	(7)
Income tax recovery (expense) - deferred	2	(192)	391	(3)	2,817	-	3,015
Net (loss) income	$ (453)	$ 5,934	$ (655)	$ 1,082	$ (3,764)	$ -	$ 2,144
Add back:							-
Interest expense	11	2,535	71	179	5,588	(19)	8,365
Amortization	-	1,418	295	-	6	-	1,719
Depreciation	109	2,097	1,150	122	3	(158)	3,323
Income tax expense - current	-	7	-	-	-	-	7
Income tax (recovery) expense - deferred	(2)	192	(391)	3	(2,817)	-	(3,015)
EBITDA	$ (335)	$ 12,183	$ 470	$ 1,386	$ (984)	$ (177)	$ 12,543
Total assets as at: March 31, 2014	15,560	264,112	87,588	23,916	26,574	(10,481)	407,269
Total liabilities as at: March 31, 2014	7,293	143,304	53,406	22,137	129,874	(10,481)	345,533

(In thousands of Canadian dollars)

Three months ended March 31, 2013	Marketing	Industrial Services		Other	Corporate	Eliminations	Total
		ClearStream	Quantum Murray				
Revenues	$ 8,017	$ 115,307	$ 25,012	$ 13,304	$ -	$ (18,784)	$ 142,856
Cost of revenues	(5,124)	(93,627)	(20,117)	(9,096)	-	12,757	(115,207)
Gross profit	2,893	21,680	4,895	4,208	-	(6,027)	27,649
Selling, general and administrative	(2,562)	(14,063)	(6,882)	(2,768)	(1,146)	4,068	(23,353)
Amortization of intangible assets	(782)	(1,467)	(446)	-	(12)	-	(2,707)
Depreciation	(127)	(2,250)	(1,540)	(120)	(3)	163	(3,877)
Income from equity investment	-	-	-	-	-	1,781	1,781
Interest expense	(13)	(2,900)	(51)	(173)	(5,046)	27	(8,156)
Transaction costs	-	-	-	-	-	-	-
(Loss) income before income taxes	$ (591)	$ 1,000	$ (4,024)	$ 1,147	$ (6,207)	$ 12	$ (8,663)
Income tax expense - current	-	(140)	-	-	(18)	-	(158)
Income tax recovery (expense) - deferred	249	588	183	(8)	1,919	(12)	2,919
Net (loss) income	$ (342)	$ 1,448	$ (3,841)	$ 1,139	$ (4,306)	$ -	$ (5,902)
Add back:							
Interest expense	13	2,900	51	173	5,046	(27)	8,156
Amortization	782	1,467	446	-	12	-	2,707
Depreciation	127	2,250	1,540	120	3	(163)	3,877
Income tax expense - current	-	140	-	-	18	-	158
Income tax expense (recovery) - deferred	(249)	(588)	(183)	8	(1,919)	12	(2,919)
EBITDA	$ 331	$ 7,617	$ (1,987)	$ 1,440	$ (1,146)	$ (178)	$ 6,077
Total assets as at: December 31, 2013	14,650	251,451	83,993	25,189	37,265	(10,024)	402,524
Total liabilities as at: December 31, 2013	6,459	137,033	54,150	23,431	155,435	(10,024)	366,484

8. Comparative figures

As a result of the change in accounting treatment of the results of two joint operations at ClearStream, the comparative consolidated interim loss and comprehensive loss and cash flows have been reclassified from financials statements previously presented to conform to the March 31, 2014 consolidated financial statements.

9. Subsequent Events

On May 5, 2014 the Company announced that it had entered into an arrangement agreement (the “Arrangement Agreement”) pursuant to which certain members of Tuckamore’s senior management, along with the support of certain funds managed by Birch Hill Equity Partners (“Birch Hill”) (collectively, the “Purchaser”), have agreed to indirectly acquire, by way of a plan of arrangement under the Business Corporations Act (Ontario), all of the issued and outstanding common shares of the Company (each a “Share”) for cash consideration at a price of $0.75 (the “Consideration”) per Share (the “Arrangement”). Voting control of the Purchaser will be held by certain members of Tuckamore’s senior management.

Shareholders of Tuckamore will be asked to approve the Arrangement at a meeting of Shareholders (the "Meeting") expected to be held as soon as reasonably practicable. The terms and conditions of the Arrangement Agreement will be summarized in Tuckamore's management information circular (the “Information Circular”) and the Arrangement will be subject to, among other things, the approval of (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders; and (ii) at least a majority of the votes cast by minority Shareholders. Tuckamore will, in accordance with Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions obtain a formal valuation in respect of the Arrangement (the “Valuation”), under the supervision of the independent directors. The Valuation or a summary thereof will be included in the Information Circular.

The Arrangement Agreement contains customary non-solicitation provisions which are subject to Tuckamore's right to consider and accept superior proposals subject to a matching right in favour of the Purchaser. If the Arrangement Agreement is not completed as a result of a superior proposal or for other certain specified circumstances, a termination fee equal to $6,000,000 will be paid by Tuckamore to the Purchaser. If the Arrangement is not completed, due to the failure to receive necessary security holder approval, an expense reimbursement, capped at $1,500,000, will be paid by Tuckamore to the Purchaser. Following receipt of the Valuation, the Board of Directors of the Company has the right to terminate the Arrangement Agreement, in which case a termination fee equal to $3,000,000 will be paid by Tuckamore to the Purchaser, or to change its recommendation to Shareholders, in which case the Arrangement Agreement will not be terminated and Tuckamore will pay a fee equal to $2,000,000 to the Purchaser. In the event that the Arrangement is not completed by the Purchaser in certain circumstances, the Company is entitled to a reverse termination fee from the Purchaser in the amount of $6,000,000 (which amount has been guaranteed by Birch Hill).

Closing of the Arrangement is subject to the satisfaction of a number of conditions precedent customary for transactions of this nature, including court approval, relevant regulatory approvals (including approval under the Competition Act) and the absence of any material adverse effect with respect to the Company. As part of the Arrangement, it is contemplated that the obligations of the Company under its 8.0% secured debentures (the "Debentures") will be assumed by the Purchaser and it is a condition to the Arrangement that the Debentures (as assumed) be approved for listing on the TSX, subject to the satisfaction of the customary listing conditions of the TSX. If the Arrangement is completed, the Company's Shares will be delisted from the TSX.