Consolidated Financial Statements of

# TUCKAMORE CAPITAL MANAGEMENT INC.

Years ended December 31, 2015 and December 31, 2014

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of Tuckamore Capital Management Inc. ("Tuckamore") and all of the information in the annual report are the responsibility of management, including responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that the information used internally by management and disclosed externally is complete and reliable in all material respects. Management has evaluated the effectiveness of the disclosure controls and procedures and has concluded that they are effective.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the Consolidated Financial Statements are presented fairly in all material respects.

Management has developed and maintains a system of internal control to provide reasonable assurance that Tuckamore's assets are safeguarded, transactions are accurately recorded, and the consolidated financial statements report Tuckamore's operating and financial results in a timely manner. Financial information presented elsewhere in the annual report has been prepared on a consistent basis with that in the consolidated financial statements.

The Board of Directors of Tuckamore annually appoints an Audit Committee (the "Committee") comprised of Independent Directors. This Committee meets regularly with management and the auditors to review significant accounting, reporting and internal control matters. The auditors have unrestricted access to the Committee. The Committee reviews the consolidated financial statements, Management's Discussion & Analysis, the external auditors' report and the annual report. The Committee reports its findings to the Board of Directors for their consideration in approving the consolidated financial s tatements for issuance to the Shareholders. The Committee also considers, for review by the Board of Directors and approval by the Shareholders, the engagement or re-appointment of the external auditors.

Ernst & Young LLP, an independent firm of chartered professional accountants, was appointed by the Shareholders to audit the Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards. Ernst & Young LLP has provided an independent auditors' report.

Dean T. MacDonald
Executive Chairman

Keith Halbert
Chief Financial Officer

Toronto, Canada
March 28, 2016

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Tuckamore Capital Management Inc.

We have audited the accompanying consolidated financial statements of Tuckamore Capital Management Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014 and the consolidated statements of loss and comprehensive loss, shareholders' (deficit) equity and cash flows for the years ended December 31, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

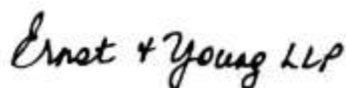
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tuckamore Capital Management Inc. as at December 31, 2015 and December 31, 2014 , and its financial performance and its cash flows for the years ended December 31, 2015 and 2014 in accordance with International Financial Reporting Standards.




Chartered Professional Accountants
Licensed Public Accountants

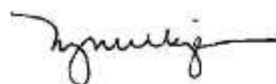
Toronto, Canada
March 28, 2016

**TUCKAMORE CAPITAL MANAGEMENT INC.**
Consolidated Balance Sheets
(In thousands of Canadian dollars)

| As at | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents (note 4) | $ 24,409 | $ 22,714 |
| Cash and short-term investments held in trust (note 4) | 4,380 | 2,950 |
| Accounts receivable (note 5) | 76,089 | 155,281 |
| Inventories (note 7) | 3,114 | 22,215 |
| Prepaid expenses | 2,357 | 4,445 |
| Other current assets (note 8) | 114 | 2,109 |
| Current assets of discontinued operations and assets held for sale (note 2) | 54,310 | 3,293 |
| Total current assets | 164,773 | 213,007 |
| Property, plant and equipment, net (note 9) | 30,873 | 56,154 |
| Long-term investments (note 26) | 8,000 | 21,773 |
| Goodwill (notes 10 and 11) | 30,988 | 61,128 |
| Intangible assets (notes 10 and 11) | 18,904 | 38,506 |
| Other assets (notes 8 and 22) | - | 633 |
| Deferred tax asset (note 17) | - | 531 |
| Total assets | $ 253,538 | $ 391,732 |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 6) | $ 32,132 | $ 68,841 |
| Income tax payable (note 17) | - | 2,050 |
| Deferred revenue (note 23) | - | 5,363 |
| Current portion of obligations under finance leases (note 13) | 4,685 | 6,457 |
| Current portion of senior credit facility (note 12) | 58,482 | 67,253 |
| Secured debentures (note 12) | 174,311 | - |
| Current liabilities of discontinued operations (note 2) | 42,637 | 3,293 |
| Total current liabilities | 312,247 | 153,257 |
| Obligations under finance leases (note 13) | 6,347 | 11,799 |
| Secured debentures (note 12) | - | 166,845 |
| Shareholders' (deficit) equity | (65,056) | 59,831 |
| Total liabilities and shareholders' (deficit) equity | $ 253,538 | $ 391,732 |

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

Signed on behalf of the Board of Directors,



Fraser Clarke, Director

Peggy Mulligan, Director

**TUCKAMORE CAPITAL MANAGEMENT INC.**

Consolidated Statements of Loss and Comprehensive Loss

Years Ended December 31

(In thousands of Canadian dollars, except per share amounts)

| | 2015 | 2014 Restated (Note 2) |
|---|---|---|
| Revenue (note 15) | $ 416,122 | $ 557,788 |
| Cost of revenue | (332,868) | (443,523) |
| Gross profit | 83,254 | 114,265 |
| Selling, general and administrative expenses (note 16) | (51,584) | (61,246) |
| Amortization of intangible assets (note 10) | (5,651) | (5,715) |
| Depreciation (note 9) | (8,681) | (9,828) |
| (Loss) income from equity investments (note 26) | (508) | 2,904 |
| Interest expense (notes 4 and 12) | (24,948) | (27,498) |
| Transaction costs (note 19) | - | (9,057) |
| Restructuring costs (note 20) | (7,454) | - |
| Write-down of property, plant and equipment (notes 9 and 11) | (5,574) | - |
| Write-down of goodwill and intangible assets (notes 10 and 11) | (41,727) | (308) |
| Loss from assets held for sale (note 2) | (6,379) | - |
| Loss before income taxes | (69,252) | 3,517 |
| Income tax (recovery) expense - current (note 17) | 2,050 | (2,050) |
| Income tax recovery - deferred (note 17) | 2,766 | 6,799 |
| Loss from continuing operations | (64,436) | 8,266 |
| Loss from discontinued operations (net of income taxes) (note 2) | (60,451) | (25,513) |
| Net loss and comprehensive loss | $ (124,887) | $ (17,247) |
| | | |
| Loss per share (note 18) | | |
| Basic & Diluted: | | |
| Continuing operations | $ (0.59) | $ 0.09 |
| Net loss | $ (1.14) | $ (0.19) |

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

**TUCKAMORE CAPITAL MANAGEMENT INC.**
Consolidated Statements of Shareholders' (Deficit) Equity
(In thousands of Canadian dollars, except number of shares)

| | Number of shares | Share Capital | Deficit | Contributed Surplus | Total Shareholders' Deficit |
|---|---|---|---|---|---|
| Balance - January 1, 2015 | 109,941,241 | $ 461,758 | $ (404,354) | $ 2,427 | $ 59,831 |
| Net loss and comprehensive loss for the year | - | - | (124,887) | - | (124,887) |
| Balance - December 31, 2015 | 109,941,241 | $ 461,758 | $ (529,241) | $ 2,427 | $ (65,056) |

| | Number of shares | Share Capital | Deficit | Contributed Surplus | Total Shareholders' Equity |
|---|---|---|---|---|---|
| Balance - Janaury 1, 2014 | 71,631,431 | $ 414,884 | $ (387,107) | $ 8,263 | $ 36,040 |
| Net loss and comprehensive loss for the year | - | - | (17,247) | - | (17,247) |
| Shares issued upon settlement of Unsecured Debentures, net of tax (note 12) | 8,493,143 | 23,552 | - | - | 23,552 |
| Options exercised (note 12) | 13,150,000 | 10,822 | - | (5,836) | 4,986 |
| Issuance of common shares, net (note 12) | 16,666,667 | 12,500 | - | - | 12,500 |
| Balance - December 31, 2014 | 109,941,241 | $ 461,758 | $ (404,354) | $ 2,427 | $ 59,831 |

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

**TUCKAMORE CAPITAL MANAGEMENT INC.**
**Consolidated Statements of Cash Flows**
Years Ended December 31
(In thousands of Canadian dollars)

| | 2015 | 2014 Restated (Note 2) |
|---|---|---|
| Operating activities: | | |
| Net loss for the year | $ (124,887) | $ (17,247) |
| Loss from discontinued operations (net of income tax) (note 2) | 60,451 | 25,513 |
| Items not affecting cash: | | |
| Amortization of intangible assets (note 10) | 5,651 | 5,715 |
| Depreciation (note 9) | 8,681 | 9,828 |
| Deferred income tax recovery (note 17) | (2,766) | (6,799) |
| Income from long-term investments | (3,434) | (2,904) |
| Non-cash accretion expense (notes 4 and 12) | 7,465 | 8,878 |
| Amortization of deferred financing costs (notes 4 and 12) | 558 | 535 |
| Loss from assets held for sale (note 2) | 6,379 | - |
| Write-down of property, plant and equipment (note 9) | 5,574 | - |
| Write-down of goodwill and intangible assets (notes 10 and 11) | 41,727 | 308 |
| Impairment of long-term investments (note 26) | - | - |
| Changes in non-cash working capital (note 25) | 29,362 | (13,913) |
| Advances to discontinued operations | (20,677) | - |
| Cash provided by discontinued operations (note 2) | 1,482 | 366 |
| Total cash provided by operating activities | 15,566 | 10,280 |
| Investing activities: | | |
| Distributions from long-term investments | 1,740 | 5,186 |
| Purchase of property, plant and equipment (note 9) | (3,260) | (7,109) |
| Proceeds on disposition of property, plant and equipment, net | 311 | 699 |
| Proceeds on disposition of businesses (note 2) | 4,750 | - |
| Purchase of software (note 10) | (108) | (408) |
| Acquisition of business, net (note 3) | - | (308) |
| Cash used in discontinued operations (note 2) | (732) | (3,137) |
| Total cash used in investing activities | 2,701 | (5,077) |
| Financing activities: | | |
| Repayment of long-term debt (note 12) | (8,934) | (22,968) |
| Proceeds from issuance of common shares, net (note 12) | - | 12,500 |
| Proceeds from the exercise of options for common shares (note 12) | - | 4,986 |
| Increase in cash held in trust (note 4) | (1,430) | - |
| Repayment of obligations under finance leases | (5,591) | (6,792) |
| Cash used in discontinued operations (note 2) | (617) | 902 |
| Total cash used in financing activities | (16,572) | (11,372) |
| (Decrease) increase in cash | 1,695 | (6,169) |
| Cash beginning of year - continuing operations | 22,847 | 27,147 |
| Cash beginning of year - discontinued operations | (133) | 1,736 |
| Cash end of year | $ 24,409 | $ 22,714 |
| Cash end of year - continuing operations | $ 24,409 | $ 22,847 |
| Cash end of year - discontinued operations | $ - | $ (133) |
| Supplemental cash flow information: | | |
| Interest paid | $ 16,925 | $ 18,085 |
| Supplemental disclosure of non-cash financing and investing activities: | | |
| Acquisition of property, plant and equipment through finance leases | $ 2,003 | $ 6,087 |

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

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 Partnerships").

The annual consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Tuckamore on March 28, 2016.

## 1. Significant accounting policies

a) Basis of Presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of financial statements, including International Accounting Stardards ("IAS") 1, Presentation of Financial Statements. Standards and guidelines issued but not in effect up to the date of issuance are discussed in note 1(t).

The consolidated financial statements are prepared on a going concern basis.

b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2015. The Company consolidates the results of its investments over which it exercises control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year

are included in the statements of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Operating Partnerships even if this attribution results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The following table indicates the accounting method for each of Tuckamore's consolidated Operating Partnerships:

| Operating Partnership | Initial Investment Date | December 31, 2015 Percentage Ownership | December 31, 2014 Percentage Ownership | Accounting Method | Business Description | Principal Place of Business |
|---|---|---|---|---|---|---|
| ClearStream Energy Services LP ("ClearStream") [1] | October 2004 | 100 | 100 | Consolidation | Provider of oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and the oilsands | Alberta |
| Gemma Communications LP ("Gemma") | March 2005 | 0 | 100 | Consolidation | Integrated direct marketing company | Ontario |
| Quantum Murray LP ("Quantum Murray") [2] | March 2006 | 100 | 100 | Consolidation | National provider of demolition, remediation and scrap metal services | Ontario |

[1] ClearStream owned an 80% interest in Nor-tech until August 1, 2014. Prior to this date, Nor-tech was a joint venture which was accounted for using the equity method of accounting. On August 1, 2014 ClearStream purchased the remaining 20% of Nor-tech that the company did not previously own. From August 1, 2014 onwards Nor-tech was fully consolidated. Nor-tech primarily operates its business in Alberta and is an electrical instrumentation and contracting company.

[2] Subsequent to December 31, 2015 Quantum Murray LP disposed substantially all of its assets. For the year-ended December 31, 2015 Quantum Murray LP was recorded as as a discontinued operation.

c) Investment in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Those parties are called joint operators. The Company recognizes its share of the assets, liabilities and benefits generated from the asset in proportion to its rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed

sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Company's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Company's share of net assets of the associate or joint venture since its acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of profit or loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statements of income (loss) and comprehensive income (loss) and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss in the consolidated statements of income (loss) and comprehensive income (loss).

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment or proceeds from disposal is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

The following table indicates the accounting method and other information for each of Tuckamore's investments in Operating Partnerships categorized as associates or joint ventures as at December 31, 2015. Tuckamore invested in all Operating Partnerships indirectly together with their respective general partners.

| Operating Partnership | Initial Investment Date | December 31, 2015 Percentage Ownership | December 31, 2014 Percentage Ownership | Accounting Method | Business Description | Principal Place of Business |
|---|---|---|---|---|---|---|
| IC Group LP ("IC Group") | July 2006 | 0 | 80 | Equity method | Provider of on-line promotional and loyalty programs and select insurance products | Manitoba |
| Titan Supply LP ("Titan")[1] | September 2006 | 92 | 92 | Equity method | Manufacturer and distributor of rigging products and services, and ground engaging tools to the oil and gas, and construction sectors | Alberta |
| Gusgo Transport LP ("Gusgo")[2] | October 2006 | 80 | 80 | Equity method | Transportation and storage services provider | Ontario |
| Rlogistics LP ("Rlogistics") | May 2006 | 0 | 36 | Equity method | Reseller of close-out, discount and refurbished consumer electronics and household goods in Ontario | Ontario |

1

Subsequent to December 31, 2015 Titan Supply LP disposed substantially all its assets. For the year-ended December 31, 2015 Titan Supply LP was recorded as as an asset held for sale.

[2] On March 7, 2016 Tuckamore disposed of its interest in Gusgo. -

Financial instruments

(i) Financial assets and financial liabilities

All financial instruments are classified into one of the following five categories; held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are included on the consolidated balance sheets and are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Held for trading financial investments are subsequently measured at fair value and all gains and losses are included in net income in the period in which they arise. Financial assets are measured at fair value with changes in fair values recognized in other comprehensive income, except for available-for-sale investments that do not have a quoted market price in an active market and cannot be reliably measured are recorded at cost.

| Category | Financial statement caption |
|---|---|
| Held for trading | Cash and cash equivalents |
| Held-to-maturity investments | None owned |
| Loans and receivables | Accounts receivable |
| Available-for-sale financial assets | None owned |
| Other financial liabilities | Accounts payable, provisions, senior credit facility, secured and unsecured debentures and finance lease obligations (measured at amortized cost) |

Transaction and financing costs, including fees paid to advisors, underwriting and arrangement fees paid to lenders and other related costs are deferred and netted against the carrying value of the related debt and amortized to interest expense using the effective interest method. The legal release of a debt obligation from an old lender to a new lender is considered to be a de-recognition of debt and, as such, financing costs related to the pre-existing lender are immediately written off. Financing costs incurred in the process of arranging the debt with a new lender are capitalized against the debt and amortized over the term of the new debt.

The Company assesses at each balance sheet date whether there is any objective evidence of impairment for each financial asset (or a group of financial assets). A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of an event that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor(s) is experiencing financial difficulty, which may include default or delinquency in interest or principal payments, the probability that it will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears payments or economic conditions that correlate with defaults.

(ii) Comprehensive income (loss)

Comprehensive income (loss) is the change in shareholders' equity, which results from transactions and events from sources other than Tuckamore's shareholders. Other comprehensive income includes income and expense items that are not recorded in income such as unrealized gains and losses resulting from changes in the fair value of certain financial instruments classified as available-for-sale. During the years ended December 31, 2015 and 2014, there were no transactions recorded in other comprehensive income (loss).

(iii) Effective interest method

Deferred financing charges are included in loan balances and are recognized in interest expense over the term of the related loan. Tuckamore uses the effective interest method to recognize deferred financing charges whereby the amount recognized varies over the term of the loan based on principal outstanding.

d) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes the costs to purchase and other costs incurred in bringing the inventories to their present location. Costs such as storage costs and administrative overheads that do not directly contribute to bringing the inventories to their present location and condition are specifically excluded from the cost of inventories and are expensed in the period incurred. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs. The weighted average cost formula is used for inventories other than those dealt with by the specific identification of cost formula.

e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Equipment under finance lease is initially recorded at the present value of minimum lease payments at the inception of the lease.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively, if appropriate.

Depreciation is calculated following the method that best reflects usage and annual rates based on the estimated useful lives of the assets as follows:

| Asset | Basis | Rate |
|---|---|---|
| Equipment under finance lease | Straight-line | Lesser of the term of lease or useful life |
| Furniture, tools and equipment | Declining balance | 14% - 50% |
| Computer hardware | Declining balance | 20% - 100% |
| Automotive and heavy equipment | Declining balance | 15% - 40% |
| Structural elements of automotive and heavy equipment | Declining balance | 10% - 20% |
| Buildings | Declining balance | 4% and 5% |
| Leasehold improvements | Straight-line | Shorter of expected useful life or term of the lease |

f) Impairment of long-lived assets

Assets with definite useful lives, including property, plant and equipment and intangible assets, are amortized over their estimated useful lives. Long-lived assets are assessed for impairment at each balance sheet date, or whenever events or changes in circumstances occur, to assess whether there is an indication that such assets may not be recoverable.

If the carrying amount of an asset or cash generating unit ("CGU") exceeds its recoverable amount, an impairment charge is recognized for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's Fair Value Less Costs to Sell ("FVLCS") and its Value in Use ("VIU"). If it is not possible to estimate the recoverable amount of an individual asset, the CGU to which the asset belongs is tested for impairment. The FVLCS excludes any costs with respect to restructuring, employee severance and termination benefits. VIU is determined using the estimated future cash flows generated from use and eventual disposition of an asset or CGU discounted to their present value using a pre-tax discount rate and excludes any costs with respect to restructuring, employee severance and termination benefits

Assets to be disposed of are separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or FVLCS and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are not presented separately in the appropriate asset and liability sections of the prior period consolidated balance sheet.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Tuckamore estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumption used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount

of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined net of depreciation had the impairment loss not been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

For the purposes of assessing impairment, assets are grouped into Cash Generating Units ("CGUs"). A CGU is the lowest level for which there are separately identifiable cash flows. After the transactions discussed in note 2 and as at December 31, 2015,Tuckamore has a total of 5 CGUs (Conventional Industrial Services, Oil Sands, Fabrication, Wear and Transportation).

g) Impairment of goodwill and indefinite life intangible assets

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. When Tuckamore enters into a business combination, the acquisition method of accounting is used. After initial recognition goodwill is measured at cost less any accumulated impairment losses.

Goodwill and indefinite life intangible assets are not amortized and are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. For the purposes of impairment testing, goodwill is allocated to the CGU or group of CGUs constituting a consolidated Operating Partner whose acquisition gave rise to the goodwill. Impairment of goodwill is tested at the level where goodwill is monitored for internal management purposes. Therefore, goodwill may be assessed for impairment at the level of either an individual CGU or a group of CGUs. The determination of CGUs and the level at which goodwill is monitored requires judgment by management. Goodwill impairment is determined by assessing whether the carrying value of the CGU or relevant group of CGUs exceeds the recoverable amount. Indefinite life intangible impairment is determined by assessing whether the carrying value of the CGU including allocated goodwill and indefinite life intangible assets exceed the recoverable amount.

The recoverable amount is the higher of a CGU or group of CGUs FVLCS to sell and its VIU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The VIU excludes any costs with respect to restructuring, employee severance and termination benefits In determining FVLCS, an appropriate valuation model is used. The FVLCS excludes any costs with respect to restructuring, employee severance and termination benefits. Impairment losses recognized in respect of a CGU or group of CGUs are allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU or group of CGUs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired assets.

h) Intangible assets

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are initially recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships, management contracts, computer software and sales orders, are amortized over their useful

lives and are tested for impairment, as described in note 1(f). Intangible assets having an indefinite life, such as brands, are not amortized but instead are tested for impairment as described in note 1 (g).

Some intangible assets are contained in a physical form, such as a compact disc in the case of computer software. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.

Intangible assets with determinable lives are amortized using the following methods and rates based on the estimated useful life of the asset as follows:

| Asset | Basis | Rate/Term |
|---|---|---|
| Customer relationships/management contracts/sales orders | Straight-line | 2 – 10 years |
| Computer software | Declining balance | 40% |

i) Revenue recognition

Revenue is recorded on a net or gross basis depending on whether Tuckamore acts as an agent or principal in the respective transaction.

(i) Marketing

Marketing revenue includes revenue generated from marketing campaign projects, teleservice programs and the sale of advertisements. Revenue from marketing campaign projects is recognized using the percentage of completion method where dependable estimates of progress toward completion can be made. The stage of completion is assessed by an analysis of costs incurred to date compared to total costs. Revenue from teleservice programs is recognized as services are performed, generally based on hours incurred.

(ii) Industrial Services

Industrial services revenue includes revenue from contracts entered into to provide maintenance and construction services to the energy industry and from contracts to provide demolition and remediation services. Revenue from such contracts is recorded either using (i) the percentage of completion method or (ii) as services are performed and related costs are incurred. The stage of completion is assessed by an analysis of costs incurred to date compared to total costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are determined. Revenue for demolition services includes consideration in the form of scrap materials that are recorded as non-monetary transactions measured at fair value using active market prices (note 29). Revenue for the sale of goods with respect to general and modular fabrication and wear projects is recognized when significant risks and rewards of

ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable.

j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or liabilities assumed. Revenue and expenses other than depreciation and amortization are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

k) Income taxes

Income tax expense or recovery comprises current and deferred taxes. Current tax is the expected tax payable or recoverable on the taxable income for the year and is recognized in the period to which it relates. Amounts included in current tax reflect the income tax expense or recovery relating to the taxable income of Tuckamore and taxable corporations which are subsidiaries of the Operating Partnerships.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if Tuckamore has a legally enforceable right to offset current tax assets/liabilities and if the corresponding deferred tax assets and liabilities relate to the income taxes raised by the same taxation authority on either the same taxable entity or different taxable entities that intend to settle their current tax assets and liabilities either on a net basis or simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

l) Leases

The classification of a lease arrangement is based on the substance of the arrangement at the inception date. Leases entered into by Tuckamore as the lessee, which transfer substantially all the benefits and risks of ownership to the lessee, are recorded as finance lease obligations and included in property, plant and equipment. All other leases are classified as operating leases under which leasing

costs are recorded as expenses in the period in which they are incurred. In instances where there are periods of lease incentives, the benefit is allocated over the term of the lease.

m) Stock-based compensation

The fair value of stock options granted which have a graded vesting schedule are recognized on a straight-line basis over the applicable stock option vesting period as stock based compensation expense in the consolidated statement of income and comprehensive income and contributed surplus on the consolidated statement of changes in shareholders' equity. The initial fair value of the options is determined based on the application of the Black-Scholes option valuation model at the date the options were granted. The options granted by Tuckamore are accounted for as equity awards under IFRS 2, Share-based payments.

n) Income (loss) per share

The income (loss) per share of Tuckamore is computed by dividing Tuckamore's income (loss) by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is similar to basic income (loss) per share, except that the denominator is increased to account for the impact of the number of additional shares that would have been outstanding if the potentially dilutive shares had been issued and the numerator is adjusted to reflect the stock based compensation using grant date values.

The shares issuable as options are the only potentially dilutive units as at December 31, 2015. Subsequent to December 31, 2015, the Company issued Convertible Secured Debentures. Please refer to note 30, Subsequent events for more information.

o) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with remaining maturities, at the date of investment, of three months or less, and cash on deposit with financial institutions, which are unrestricted as to their use.

p) Provisions

A provision is recognized if, as a result of a past event, Tuckamore has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

q) Assets Held for Sale and Discontinued Operations

A discontinued operation or asset held for sale represents an Operating Partnership that has been sold or classified as held for sale. An Operating Partnership is classified as held for sale or discontinued if its carrying amount will be recovered through a sale transaction rather than through continuing

use. This condition is regarded as met only when the sale is highly probable. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale arrangement will be made or that it will be withdrawn. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets or disposal groups classified as held for sale or discontinued operations are measured at the lower of their carrying amount and FVLCS. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

In the consolidated statement of income (loss) and comprehensive income (loss) of the reporting periods, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting income or loss (after taxes) is reported separately in the consolidated statements of income (loss) and comprehensive income (loss). In the consolidated balance sheet for the current period, assets and liabilities from discontinued operations are reported separately from the assets and liabilities of continuing operations. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

r) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange for control of the acquiree. Transaction costs directly attributable to the acquisition are expensed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interest. Where necessary, management engages qualified third-party professionals to assist in the determination of fair values.

Goodwill is initially measured as the excess of the fair value of consideration paid over the fair value of the net identifiable tangible and intangible assets acquired. If the fair value of consideration paid is less than the fair value of the net identifiable tangible and intangible assets acquired, the difference is recognized directly in the income statement as a gain on bargain purchase.

If Tuckamore holds a non-controlling interest in an investment immediately before obtaining control, the existing ownership is remeasured to fair value as at the date control was obtained, with any gain or loss on remeasurement recognized in income or loss. A change from a non-controlling interest to obtaining control is viewed as a significant change in the nature and economic circumstances of the investment, which results in a change in the classification and measurement of the investment.

s) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. However, uncertainty about these assumptions

and estimates could result in outcomes that require a material adjustment in future periods to the carrying amount of the asset or liability affected.

Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

(i) Control / Joint Arrangements

Judgement has been used in determining whether Tuckamore and its investees have control or joint control over joint arrangements in which the Company has more than a fifty-percent ownership interest. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Each of Tuckamore's joint arrangements has its own management team which is responsible for the day-to-day operation of the joint arrangement. However, key activities include, but are not limited to the following:

- Approval of the joint arrangement's annual budget
- Purchase of capital equipment
- Entering into material commitments
- Hiring or termination of key individuals
- Sale or disposal of any assets outside of the ordinary course of business

It has been concluded that key activities require the unanimous consent of the parties sharing control, and as such these joint arrangements are accounted for using the equity method of accounting.

In addition to this, judgement has been used in determining whether the relevant parties to the joint arrangement have rights to the net assets of the joint arrangement. It has been concluded that the relevant parties do have rights to the net assets of the joint arrangement and as such, these arrangements are accounted for using the equity method of accounting.

Please refer to note 1(c) for more information.

(ii) Business Combinations

The amount of goodwill initially recognized as a result of a business combination and the determination of fair value of the identifiable assets acquired and the liabilities assumed includes the use of management's estimates with respect to assumptions about fair value.

(iii) Property, plant and equipment

Measurement of property, plant and equipment involves the use of estimates for determining the expected useful lives of depreciable assets. Management's judgment is also required to determine depreciation methods and an asset's residual value.

(iv) Revenue Recognition – Percentage of Completion ("POC")

The Company generates revenue from maintenance and construction services to the energy industry and from contracts to provide demolition and remediation services. This method requires management to make a number of estimates and assumptions surrounding the expected profitability of the contract, the estimated degree of completion based on cost progression and other detailed factors. Although these factors are routinely reviewed as part of the project management process, changes in these estimates or assumptions could lead to changes in revenues recognized in a given period.

(v) Determination of Cash Generating Units ("CGUs")

Assets are grouped into CGUs that have been identified as being the smallest identifiable group of assets that generate cash flows that are independent of cash flows of other assets or group of assets. The determination of these CGUs was based on management's judgment with regards to determining the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If the recoverable amount could not be determined for an individual asset, management identified the lowest aggregation of assets that generate largely independent cash flows.

(vi) Income taxes

Income tax liabilities must be estimated for Tuckamore, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. Tax interpretations, regulations and legislation are subject to change. As such, income taxes involve estimates regarding the amount and timing of future taxable income. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

(vii) Stock based compensation

Assumptions are used in the underlying calculation of fair values of Tuckamore's stock options. Fair value is determined using the Black-Scholes pricing model, which is based on significant assumptions such as volatility, dividend yield, expected forfeitures and expected term.

(viii) Provisions

Judgment and estimates are used in measuring and recognizing provisions and the exposure to contingent liabilities. Judgment and estimates are necessary to determine the likelihood that a pending litigation or other claim will succeed or a liability will arise and to quantify the possible range of the final settlement.

(ix) Impairment

There are various estimates used in the annual impairment tests of goodwill and indefinite life intangible assets. Please refer to note 11 for a summary of these estimates and how they were derived. Estimates include, but are not limited to, cash flow projections, growth rates, terminal values and discount rates. Tuckamore's annual impairment tests of goodwill and indefinite life intangibles is performed in the fourth quarter of the fiscal year, or when indicators of impairment are present.

(x) Earn-Outs

Some of Tuckamore's agreements to sell the Company's interest in its operating partners or assets of operating partners include an earn-out feature. These earn-out features represent a potential future payment (contingent consideration) to Tuckamore if the disposed operating partner or assets achieve pre-defined future performance targets. To estimate the fair value of the future payment, management has applied a deterministic approach. The fair value measurement are categorized as level 3 measurements under IFRS 13 due to the fact that the inputs cannot be corroborated by market data. This approach requires management to estimate a payout associated with the probability-weighted average of outcomes. Judgement is required in estimating quarterly revenues and annual cash flows for future periods. Subsequent changes are recognized in profit and loss when new information becomes available, which requires an update to previous estimates.

(xi) Going Concern

Management applies its judgement, based on estimates used to determine whether the company will continue to operate as a going concern or whether there are material uncertainties that may cast doubt upon the entity's ability to continue as a going concern. Judgements are made with respect to economic conditions, national monetary policy and the potential impact of international events. Estimates include, but are not limited to, EBITDA projections, capital expenditure projections, capital lease repayment projections, balances outstanding on existing debt and variable interest rates.

t) 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, 2015 and have not been applied in preparing these annual consolidated financial statements. Tuckamore's intention is to adopt the standards when they become effective.

The following is a brief summary of the new standards:

**(i) International Financial Reporting Standard 9, Financial Instruments**

IFRS 9, Financial Instruments introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1,

2018. Earlier adoption is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its consolidated financial statements.

**(ii) International Financial Reporting Standard 15, Revenue from Contracts with Customers**

IFRS 15, Revenue from Contracts with Customers was issued in May 2014, which will replace IAS 11, Construction Contracts, IAS 18 Revenue Recognition, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and Standard Interpretations Committee ("SIC") – 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 was originally required for annual periods beginning on or after January 1, 2017. On April 28, 2015, the IASB agreed to publish an exposure draft proposing a one-year deferral of the effective date of the revenue standard to January 1, 2018. Earlier adoption is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its consolidated financial statements.

**(iii) International Financial Reporting Standard 16, Leases**

IFRS 16, Leases was issued in January 2016, which will replace IAS 17, Leases. The Standard provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a rightof-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15 is also applied. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

## 2. Assets Held for Sale and Discontinued Operations

On March 31, 2015, Tuckamore sold a majority of the net assets of Thomson Metals and Disposal LP for cash proceeds of $300. This resulted in an accounting loss of approximately $870.

On April 23, 2015 RGC Canada LP ("RGC"), an 80% joint venture of the Company, entered into an agreement to sell its 45% interest in RLogstics for $1,900. The proceeds were first used to settle $1,350 in advances owing to RGC from RLogistics, with the balance being used to purchase RGC's partnership interest in RLogistics of approximately ($194). This resulted in an accounting gain of approximately $744, or $594 for the Company's 80% interest. Tuckamore's 80% joint venture interest in RGC is accounted for using the equity method of accounting and represented under the Other segment in the Segment note.

On July 31, 2015 the Company sold its 80% interest in IC Group for proceeds of $2,500. This transaction resulted in an accounting loss of approximately $900. The proceeds were used to repay $2,450 of the senior credit facility, with the balance being retained for the payment of transaction costs.

On September 30, 2015 the Company sold its 100% interest in Gemma Communications ("Gemma") for proceeds of up to $7,000. The transaction consideration consisted of an initial purchase price of $4,000, of which $2,500 was paid at closing with the remainder payable in instalments, plus an earn out of up to $3,000 based on future revenues up to December 2016. To estimate the fair value of the contingent consideration, management applied a deterministic approach. The fair value measurement was categorized as a level 3 measurement under IFRS 13 due to the fact that the inputs cannot be corroborated by market data. This approach required management to estimate the payout associated with the probability-weighted average of outcomes. Judgement was required in estimating the quarterly revenues of Gemma from October 1, 2015 to December 31, 2016. As such, management determined the purchase price of this transaction to be approximately $2,500. This transaction resulted in an accounting loss of approximately $1,581. Cash proceeds of $2,500 were used to repay $2,300 of the senior credit facility, with the balance being retained for the payment of transaction costs.

On December 22, 2015 the Company entered into an agreement with Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages ("Canso") to support and provide capital for certain senior debt issuances by Tuckamore (the "Refinancing Transactions"). The Refinancing Transactions had several conditions, one of which was the requirement for Tuckamore to sell certain assets for net proceeds of approximately $17,000. Prior to December 31, 2015 Tuckamore's board had approved the sale of certain assets to satisfy the asset sale condition and management had commenced an active program to locate a buyer for these assets. By December 31, 2015, Tuckamore had identified interested parties and management had commenced negotiations with prospective buyers for Quantum Murray and Titan. Given the factors identified above, it was concluded that Quantum Murray and Titan qualified as a disposal group that was held for sale. Quantum Murray represents a major line of Tuckamore's business and as such, it was determined that Quantum Murray would be classified as a discontinued operation. Quantum Murray is no longer presented in the segment note under Industrial Services for the years ended December 31, 2015 and December 31, 2014. Titan is presented in the segment note under the Other segment for the year ended December 31, 2015. These asset sales were completed on March 23, 2016.

The following table shows the revenue and net income (loss) from discontinued operations (Industrial Services – Quantum Murray, Marketing – Gemma and IC Group) for the years ended December 31, 2015 and 2014:

| | Industrial Services | | Marketing | | Total | |
|---|---|---|---|---|---|---|
| | December 31, 2015 | December 31, 2014 | December 31, 2015 | December 31, 2014 | December 31, 2015 | December 31, 2014 |
| Revenue | 135,331 | 155,627 | 8,842 | 15,839 | 144,173 | 171,466 |
| Expenses | (171,121) | (168,641) | (10,792) | (19,518) | (181,913) | (188,159) |
| Loss before taxes | (35,790) | (13,014) | (1,950) | (3,679) | (37,740) | (16,693) |
| Impairment loss recognized on the remeasurement of net assets to FVLCS | (15,842) | (8,976) | - | - | (15,842) | (8,976) |
| Loss on sale of discontinued operations | (870) | - | (2,480) | - | (3,350) | - |
| Loss from equity investments | - | - | (221) | (2,226) | (221) | (2,226) |
| Income tax (expense) recovery - deferred | (3,193) | 2,382 | (105) | - | (3,298) | 2,382 |
| Net (loss) income from discontinued operations | $ (55,695) | $ (19,608) | $ (4,756) | $ (5,905) | $ (60,451) | $ (25,513) |
| Net loss per share - basic | $ (0.51) | $ (0.23) | $ (0.04) | $ (0.07) | $ (0.55) | $ (0.30) |
| Net loss per share - diluted | $ (0.51) | $ (0.23) | $ (0.04) | $ (0.07) | $ (0.55) | $ (0.30) |

The income tax expense related to discontinued operations for the year ended December 31, 2015 is related to the write-off of the deferred tax assets for which no benefit was recognized in 2015.

The following table shows the revenue and net income(loss) from assets held for sale for the year ended December 31, 2015:

| | Other |
|---|---|
| | December 31, 2015 |
| Loss from equity investments | (4,012) |
| Impairment loss recognized on the remeasurement of net assets to FVLCS | (6,379) |
| Loss from assets held for sale | $ (10,391) |

The major classes of assets and liabilities of Quantum Murray and Titan (December 31, 2015) and Thomson Metals (December 31, 2014) classified as discontinued operations and held for sale are as follows:

| For the period ending, | December 31, 2015 | December 31, 2014 |
|---|---|---|
| **Assets** | | |
| Accounts receivable | 34,448 | 1,939 |
| Inventory | 13,777 | 1,354 |
| Prepaids & Other Assets | 2,302 | - |
| Long-term investments | 3,783 | - |
| | 54,310 | 3,293 |
| **Liabilities** | | |
| Accounts payable & accrued liabilities | 32,119 | 2,290 |
| Deferred Revenue | 4,645 | |
| Capital lease obligation | 2,872 | 543 |
| Other liabilities | 3,001 | 460 |
| | 42,637 | 3,293 |
| **Net assets directly associated with the disposal group** | 11,673 | - |

The net cash flows incurred by Quantum Murray and Titan are, as follows:

| For the period ending, | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Operating | 1,482 | 366 |
| Investing | (732) | (3,137) |
| Financing | (617) | 902 |
| **Net cash (outflow) / inflow** | 133 | (1,869) |

During the year ended December 31, 2015 and prior to the reclassification of Quantum Murray as an asset held for sale in discontinued operations, indicators of impairment were identified which required management to perform an impairment analysis. Quantum Murray continued to experience losses and a decline in margins as management continued to work through the final stages of rationalizing its cost structure and implementing business process improvements. Quantum Murray recognized an impairment loss of $3,544 related to fixed assets of Quantum Murray and $2,026 related to intangible assets of Quantum Murray. These amounts are included in expenses in the table above. The recoverable amount was based on an estimate of FVLCS of the Quantum Murray CGU. This was determined using level 3 inputs under IFRS, including indicative business sale transactions, fixed asset appraisals and auction results for certain types of equipment. The impairment charge recorded was most sensitive to the fixed asset appraisals and auction results used to determine the FVLCS of the individual assets.

Prior to its classification to discontinued operations, Quantum Murray was reported under the Industrial Services segment.

Immediately before the classification of Quantum Murray and Titan as assets held for sale, the recoverable amount was estimated for these entities. The short-fall of $22,221 was recorded as an impairment charge to the assets of Quantum Murray in the amount of $15,842 by reducing non-current assets, with any remainder being used to reduce the value of current assets. The carrying amount of the long-term investment in Titan was written-down by $6,379.

## 3. Business Combination

On August 1, 2014 ClearStream paid $500 to acquire the remaining 20% of Nor-tech, increasing its ownership to 100%. The transaction was accounted for under the acquisition method of accounting as a step acquisition which required ClearStream to re-measure its previously held 80% interest. All of the estimated fair values assigned to the assets and liabilities assumed were based on internal estimates. The fair value of ClearStream's previously held 80% interest was equivalent to its book value. As such, no adjustments were required to pre-acquisition book values. The table below provides the details of the assets acquired and liabilities assumed for the 20% interest in Nor-tech.

| | ClearStream (Nor-tech) |
|---|---|
| Current assets | $ 646 |
| Property, plant and equipment | 170 |
| Goodwill[1] | 308 |
| Current liabilities | (160) |
| Long-term liabilities | (463) |
| Net assets acquired | 501 |
| Less: Advance settled | (285) |
| Consideration paid, in cash | 216 |
| Bank indebtedness/ (cash acquired) | - |
| Net cash outflow | $ 216 |

[1] Goodwill is attributable to the fact that ClearStream no longer shares joint control over Nor-tech and as such it represents benefit of full control. This goodwill is not deductible for tax purposes and was subsequently impaired by December 31, 2014. Please refer to the impairment note (note 11) for more details.

**4. Financial instruments**

a) Tuckamore has classified its financial instruments as follows:

| As at | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Financial Assets | | |
| Held for trading, measured at fair value: | | |
| Cash and cash equivalents | $ 24,409 | $ 22,714 |
| Cash and short term investments held in trust | 4,380 | 2,950 |
| Total financial assets, held for trading | $ 28,789 | $ 25,664 |
| Loans and receivables, measured at amortized cost: | | |
| Accounts receivable | $ 76,089 | $ 155,281 |
| Advances to joint venture Operating Partnerships | - | 1,418 |
| Employee loans | - | 1,335 |
| Total loans and receivables | $ 76,089 | $ 158,034 |
| Financial liabilities, measured at amortized cost: | | |
| Accounts payable and accrued liabilities | $ 32,132 | $ 68,841 |
| Capital lease obligations | 11,032 | 18,256 |
| Current portion of senior credit facility | 58,482 | 67,253 |
| Secured debentures | 174,311 | 166,845 |
| Total financial liabilities | $ 275,957 | $ 321,195 |

The fair value of loans and receivables and financial liabilities, other than those discussed below, do not differ significantly from their carrying value due to their short-term nature and the fact that any interest on these instruments reflect market rates and are level 3 instruments. The secured debentures and senior credit facility at December 31, 2015 had fair values of $169,178 and $58,735, respectively compared to $154,200, $0 and $67,669, respectively at December 31, 2013.

Cash in trust represents restricted cash, which is backing letters of credit and cash in trust held on behalf of insurance providers. Letters of credit are predominately used to secure cash management services and as a performance guarantee at certain Operating Partnerships.

Tuckamore determines fair value of its financial instruments based on the following hierarchy:

- Level 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted unadjusted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – If there is no active market, fair value is established using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable market data, including recent arm's length market transactions, and comparisons to the current fair value of similar instruments; where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

- Level 3 – Valuations in this level are those with inputs that are not based on observable market data.

The fair value disclosures for the assets classified as held for trading and the secured and unsecured debentures are categorized as Level 1. The fair value disclosure for the senior credit facility is categorized as Level 3. The cash flows of the senior credit facility are discounted at the current market rates. The discount factor is based on market rates for debt with similar terms and remaining maturities and is based on Tuckamore's credit risk. The Company has no plans to prepay these instruments prior to maturity. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of the liability.

b) Net Interest Expense

Tuckamore has recorded net interest expense in relation to the following financial instruments:

| For the year ended December 31, | | 2015 | | 2014 |
|---|---|---|---|---|
| Interest expense on senior credit facility | $ | 1,983 | $ | 2,886 |
| Interest expense on secured debentures | | 14,098 | | 14,098 |
| Interest expense on finance leases (note 14) | | 817 | | 880 |
| Interest (income) expense - other | | 27 | | 5 |
| Interest expense on unsecured debentures | | - | | 216 |
| Deferred financing costs amortized | | 558 | | 535 |
| Accretion expense related to secured and unsecured debentures | | 7,465 | | 8,878 |
| Interest expense | $ | 24,948 | $ | 27,498 |

## 5. Accounts receivable

Tuckamore establishes an allowance for doubtful accounts that represents its estimate of expected losses with respect to trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and an overall loss component established based on historical trends and other information. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable.

Accounts receivable comprise the following:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Trade receivables | $ 50,909 | $ 125,555 |
| Allowance for doubtful accounts | (1,385) | (3,875) |
| Holdback receivable | - | 8,418 |
| Other | 26,565 | 25,183 |
| Total accounts receivable | $ 76,089 | $ 155,281 |

Other receivables primarily consist of unbilled accounts receivable.

Trade receivables are non-interest bearing and generally due on 30-90 day terms. The changes in the allowance during the year were as follows:

| | |
|---|---|
| Allowance for doubtful accounts, January 1, 2014 | $ 3,508 |
| Increase in allowance during the year | 1,630 |
| Receivables written off as uncollectible | (69) |
| Receivables collected during the year | (751) |
| Transferred to discontinued operations - Thomson Metals | (443) |
| Allowance for doubtful accounts, December 31, 2014 | 3,875 |
| Increase in allowance during the year | 861 |
| Receivables written off as uncollectible | (509) |
| Receivables collected during the year | - |
| Transferred to discontinued operations - Quantum Murray & Gemma | (2,842) |
| Allowance for doubtful accounts, December 31, 2015 | $ 1,385 |

The aging analysis of trade receivables is as follows:

| | Total | Current | 30-60 days | 61-90 days | 91-120 days | >120 days |
|---|---|---|---|---|---|---|
| December 31, 2015 | $ 50,909 | $ 24,778 | $ 11,388 | $ 6,880 | $ 1,718 | $ 6,145 |
| December 31, 2014 | $ 125,555 | $ 61,221 | $ 30,672 | $ 11,758 | $ 4,927 | $ 16,977 |

## 6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise the following:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Trade payables | $ 9,369 | $ 32,724 |
| Accrued liabilities | 22,763 | 36,117 |
| Total accounts payable and accrued liabilities | $ 32,132 | $ 68,841 |

## 7. Inventories

Inventories comprise the following:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Raw materials | 1,731 | 2,415 |
| Work-in-progress | 169 | 14,555 |
| Finished goods | 366 | 1,036 |
| Parts and supplies | 848 | 4,209 |
| Total inventories | $ 3,114 | $ 22,215 |

Work in progress includes amounts for work performed in excess of amounts billed for contracts accounted for using the percentage of completion method.

Included in cost of revenue is the cost of inventories of $21,162 (2014 - $18,860)

As at December 31, 2015, the inventory of consolidated entities and joint ventures with a carrying amount of $16,891 ($3,114 – continuing operations, $13,777 discontinued operations) and $9,210 (assets held for sale), respectively, were subject to a general security agreement under the senior credit facility (December 31, 2014 - $17,507 and $11,531).

## 8. Other assets

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Advances to Operating Partnerships | $ - | $ 1,418 |
| Other | - | 1,324 |
| Total other assets | - | 2,742 |
| Less: Current portion | - | 2,109 |
| Other assets - long-term | $ - | $ 633 |

## 9. Property, plant and equipment

| | Equipment under finance lease | Furniture, tools and equipment | Computer hardware | Automotive and heavy equipment | Land and buildings | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **Balance at January 1, 2014** | $ 32,279 | $ 13,240 | $ 4,115 | $ 70,127 | $ 5,816 | $ 11,336 | $ 136,913 |
| Additions | 7,943 | 1,668 | 469 | 3,369 | 166 | 1,437 | 15,052 |
| Disposals | (215) | (1) | (56) | (3,947) | (11) | - | (4,230) |
| Acquistions through business combinations | - | - | - | 681 | - | - | 681 |
| Assets related to discontinued operations or assets held for sale | (3,717) | (59) | (315) | (15,515) | (24) | (857) | (20,487) |
| Reclassification | (1,614) | (94) | - | 1,734 | 5 | (31) | - |
| **Balance at December 31, 2014** | $ 34,676 | $ 14,754 | $ 4,213 | $ 56,449 | $ 5,952 | $ 11,885 | $ 127,929 |
| Additions | 2,003 | 1,187 | 195 | 1,106 | - | 772 | 5,263 |
| Disposals | (1,815) | (174) | (54) | (3,017) | (1,476) | (168) | (6,704) |
| Acquistions through business combinations | - | - | - | - | - | - | - |
| Reclassed as discontinued operations and held for sale | (7,973) | (969) | (2,924) | (25,930) | - | (3,953) | (41,749) |
| **Balance as December 31, 2015** | $ 26,891 | $ 14,798 | $ 1,430 | $ 28,608 | $ 4,476 | $ 8,536 | $ 84,739 |
| **Depreciation** | | | | | | | |
| **Balance at January 1, 2014** | $ (11,894) | $ (6,233) | $ (3,202) | $ (45,161) | $ (1,659) | $ (6,076) | $ (74,225) |
| Depreciation for the year | (4,047) | (1,819) | (439) | (6,335) | (182) | (1,110) | (13,932) |
| Disposals | 46 | - | 56 | 3,309 | 1 | - | 3,412 |
| Acquisitions through business combinations | - | - | - | (102) | - | - | (102) |
| Sold through dispositions of businesses | 1,456 | 46 | 269 | 9,746 | 24 | 831 | 12,372 |
| Reclassification | 273 | - | - | (273) | - | - | - |
| Other | - | 700 | - | - | - | - | 700 |
| **Balance at December 31, 2014** | $ (14,166) | $ (7,306) | $ (3,316) | $ (38,816) | $ (1,816) | $ (6,355) | $ (71,775) |
| Depreciation for the year | (3,774) | (1,027) | (109) | (2,917) | (87) | (767) | (8,681) |
| Disposals | 1,135 | 47 | 53 | 2,343 | 773 | 106 | 4,457 |
| Reclassed as discontinued operations and held for sale | 2,706 | 845 | 2,318 | 18,295 | - | 3,543 | 27,707 |
| Impairment | (16) | - | - | (982) | - | (4,576) | (5,574) |
| **Balance at December 31, 2015** | $ (14,115) | $ (7,441) | $ (1,054) | $ (22,077) | $ (1,130) | $ (8,049) | $ (53,866) |
| **Net book value** | | | | | | | |
| At December 31, 2014 | $ 20,510 | $ 7,448 | $ 897 | $ 17,633 | $ 4,136 | $ 5,530 | $ 56,154 |
| At December 31, 2015 | $ 12,776 | $ 7,357 | $ 376 | $ 6,531 | $ 3,346 | $ 487 | $ 30,873 |

a) Collateral:

As at December 31, 2015, the property, plant and equipment of consolidated entities and joint ventures with a carrying amount of $18,866 and $1,119 (assets held for sale - $634), respectively, are subject to a general security agreement under the senior credit facility (December 31, 2014 - $35,644 and $2,107).

b) Capital commitments:

As at December 31, 2015, Tuckamore had $12 in capital commitments for the acquisition of new equipment (December 31, 2014 – $322).

c) Impairment:

Due to adverse economic effects arising from the lower commodity prices on the Transportation and Conventional CGUs at ClearStream, particulary in the fourth quarter of 2015, the Company was required to perform an impairment test under IAS 36, Impairment of Assets. This test was performed in accordance

with the policy described in note 1. ClearStream recorded a non-cash impairment of $3,220 and $2,354 at the Transportation and Conventional CGU's, respectively. The impairment was calculated primarily on a FVLCS basis. This was determined using level 3 inputs under IFRS, including fixed asset appraisals and auction results for certain types of equipment. The impairment charge recorded was most sensitive to the fixed asset appraisals and auction results used to determine the FVLCS of the individual assets. The recoverable amount of the Transportationand Conventional CGUs are $5,484 and $37,762, respectively..

## 10. Goodwill and intangible assets

| | Goodwill | Customer relationships | Computer software | Brands | Sales Orders | Management Contracts | Intangible Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **Balance at December 31, 2014** | $ 92,031 | $ 131,738 | $ 3,092 | $ 16,474 | $ 2,444 | $ 2,000 | $ 155,748 |
| Additions | - | - | 108 | - | - | - | 108 |
| Reclassed as discontinued operations and held for sale | - | (48,320) | (685) | (332) | (1,339) | (2,000) | (52,676) |
| **Balance at December 31, 2015** | $ 92,031 | $ 83,418 | $ 2,515 | $ 16,142 | $ 1,105 | $ - | $ 103,180 |
| **Amortization and impairments** | | | | | | | |
| **Balance at December 31, 2014** | $ (30,903) | $ (97,154) | $ (2,254) | $ (13,390) | $ (2,444) | $ (2,000) | $ (117,242) |
| Amortization for the year | - | (5,509) | (142) | - | - | - | (5,651) |
| Impairment (Note 11) | (30,140) | (11,587) | - | - | - | - | (11,587) |
| Reclassed as discontinued operations and held for sale | - | 46,731 | 134 | - | 1,339 | 2,000 | 50,204 |
| **Balance at December 31, 2015** | $ (61,043) | $ (67,519) | $ (2,262) | $ (13,390) | $ (1,105) | $ - | $ (84,276) |
| **Net book value** | | | | | | | |
| At December 31, 2014 | $ 61,128 | $ 34,584 | $ 838 | $ 3,084 | $ - | $ - | $ 38,506 |
| At December 31, 2015 | $ 30,988 | $ 15,899 | $ 253 | $ 2,752 | $ - | $ - | $ 18,904 |

a) Impairment of Customer Relationships:

Due to adverse economic effects arising from the lower commodity prices on the Transportation and Conventional CGUs at ClearStream, particulary in the fourth quarter of 2015, the Company was required to perform an impairment test under IAS 36, Impairment of Assets. This test was performed in accordance with the policy described in note 1. ClearStream recorded a non-cash impairment of $1,226 and $10,361 at the Transportation and Conventional CGU's, respectively. The impairment was calculated primarily on a VIU basis. The inputs used to perform the VIU analysis are the same inputs that were used for the Company's annual impairment test for goodwill and intangibles with an indefinite life. Please refer to note 11 for more details. The recoverable amount of the Transportationand Conventional CGUs are $5,484 and $37,762, respectively.

## 11. Impairment testing of goodwill and intangible assets with indefinite lives

Tuckamore performed its annual test for the potential impairment of goodwill and intangible assets with an indefinite life in the fourth quarter of 2015. This test was performed in accordance with the policy described in note 1.

Tuckamore has five CGUs, two of which include goodwill and/or intangible assets with an indefinite life. The carrying value of goodwill by Operating Partner and indefinite life intangible assets by significant CGUs are identified separately in the table below.

| Operating Partner | Indefinite life intangibles | Goodwill |
|---|---|---|
| ClearStream | | |
| Wear | $ 1,574 | - |
| Oilsands | 1,178 | - |
| Total ClearStream | $ 2,752 | $ 30,988 |

The valuation techniques, significant assumptions and sensitivities applied in the goodwill and indefinite life intangible asset impairment test are described below:

**Valuation technique**

The recoverable value is based on the higher of VIU using the discounted cash flow (“DCF”) approach, or the FVLCS using the income, market or cost approach. The income approach is predicated upon the value of the future cash flows that a business will generate. The DCF method was used for the VIU approach, which involves projecting cash flows and converting them into a present value equivalent through discounting. The discounting process uses a rate of return that is commensurate with the risk associated with the business or asset and the time value of money. This approach requires assumptions about earnings before taxes, interest, depreciation and amortization (“EBITDA”), capital expenditures, growth rates, working capital and discount rates.

**Projected EBITDA, Capital Expenditures and Change in Working Capital**

Projected EBITDA, net of capital expenditures and adjustments for change in working capital are used by the Company to determine anticipated future cash flows. Projected EBITDA and capital expenditures are based on the Company’s internal budget for the following year and take into consideration past experience, economic trends and market/industry trends at the time at which the budget is developed. The budget is developed during the fourth quarter and approved by senior management. The anticipated future cash flows are updated to reflect any subsequent changes in demand for products and services.

**Growth rate and terminal value**

The Company used projected EBITDA and capital expenditures for five years and applied a perpetual long-term growth rate of 2% thereafter. The perpetual growth rates are management’s estimate of long-term inflation and productivity growth in the industry and geographic locations in which it operates. In arriving at its forecasts, Tuckamore considered past experience, economic trends such as Gross Domestic Product growth and inflation as well as industry and market trends.

**Discount rate**

Tuckamore assumed a pre-tax discount rate of 20%-23% in order to calculate the present value of projected future cash flows. The discount rate represented a weighted average cost of capital ("WACC") for comparable companies operating in similar industries based on publicly available information. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate.

During the year ended December 31, 2015, $30,140 of goodwill at ClearStream was impaired as a result of the adverse economic effects arising from the lower commodity prices on ClearStream's business, particulary in the fourth quarter of 2015. After this impairment there remains $30,988 in goodwill at ClearStream. The recoverable amount of ClearStream is $152,147.

During the year ended December 31, 2014, $308 of goodwill related to a subsidiary of ClearStream was impaired (refer to note 3). Goodwill was created as a result of ClearStream's acquisition of the remaining 20% of the subsidiary (Nor-tech) that the company did not previously own. Although management paid a premium to gain full control of the Nor-tech, the company had accumulated losses by the end of the year and management was in the process of restructuring the business. As such, the goodwill created on the acquisition was subsequently impaired. The recoverable amount of Nor-tech approximates its carrying value.

All impairment losses are non-cash in nature and do not affect the Company's liquidity, cash flows from operating activities, or debt covenants and do not have an impact on the future operations of the Company. Management has considered reasonably possible changes in assumptions for the discounted cash flows. In all of these scenarios, with the exception of those discussed above and in note 10, the recoverable amount was greater than the carrying value, providing evidence that there is no further impairment.

## 12. Senior credit facility and debentures

a) Senior credit facility

On March 9, 2012 Tuckamore completed an assignment to Bank of Montreal ("BMO") of its then existing senior secured credit agreement (as assigned, the "Senior Credit Agreement"). The Senior Credit Agreement had an interest rate, which ranged from prime plus 1.5% to prime plus 1.75%, and contained customary covenants which included financial covenants in respect of Tuckamore's interest coverage ratio, priority senior debt ratio and minimum EBITDA amount.

Tuckamore was obligated to repay outstanding indebtedness under the Senior Credit Agreement prior to the maturity thereof using net proceeds from specified dispositions, issuances of equity instruments or from excess operating cash flows, as further set out in the Senior Credit Agreement. In March 2014, Tuckamore reduced outstanding indebtedness under the Senior Credit Agreement in the amount of $5,481, representing 75% of excess cash flow for the fourth quarter of 2013. On August 1, 2014 Tuckamore issued 16,666,667 common shares to Orange Capital Master I, Ltd. for $0.80 per share (the "Private Placement"). Tuckamore received gross proceeds of $13,333 resulting from the Private Placement, of which net proceeds of $12,500 were used to reduce outstanding indebtedness under the Senior Credit Agreement. In conjunction with the Private Placement and the repayment of outstanding indebtedness under the Senior Credit Agreement from such net proceeds, the Company obtained approval from the lenders under the Senior Credit Agreement to extend the maturity date thereunder from March 9, 2015 to December 31, 2015. The total cost of the amendment was $149.

During the year ended December 31, 2014 options were exercised by management, resulting in the issuance of 13,150,000 common shares. Proceeds of $4,986, from all options exercised during the year, were used to reduce outstanding indebtedness under the Senior Credit Agreement.

During the second quarter of 2015, Tuckamore repaid a total of $4,184 of indebtedness under the Senior Credit Agreement. This was comprised of a payment on May 22, 2015 of $2,184 on account of 75% of the excess cash flow from the first quarter of 2015 as well as a second payment of $2,000 made on June 26, 2015, which was a voluntary repayment.

On June 26, 2015 Tuckamore reached an agreement with the lenders under the Senior Credit Agreement to amend certain financial covenants. The amended covenants included those relating to interest coverage ratio, priority senior debt ratio and the minimum EBITDA amount, and were in effect for all quarters, commencing with the quarter ended September 30, 2015 through to December 31, 2015. The total cost of the amendment was $148.

During the third quarter of 2015 Tuckamore repaid a total of $4,750 of indebtedness under the Senior Credit Agreement using aggregate net proceeds from the dispositions of IC Group and Gemma.

Advances outstanding under the Senior Credit Agreement as at December 31, 2015 totaled $58,735. At that time, the entire balance of the Senior Credit Agreement was a revolving facility and was fully drawn at December 31, 2015.

Subsequent to the year ended December 31, 2015, on March 23, 2016 the Company completely and permanently repaid all indebtedness outstanding under the Senior Credit Agreement. See note 30, Subsequent Events for more details.

| | |
|---|---|
| Senior credit facility at January 1, 2014 | $ 90,637 |
| Repayments | (22,968) |
| Senior credit facility at December 31, 2014 | $ 67,669 |
| Repayments | (8,934) |
| Senior credit facility at December 31, 2015 | $ 58,735 |
| | |
| Deferred financing costs at January 1, 2014 | $ (802) |
| Additional deferred financing costs incurred on the senior credit facility | $ (149) |
| Amortization of deferred financing costs | 535 |
| Deferred financing costs at December 31, 2014 | $ (416) |
| Additional deferred financing costs incurred on the senior credit facility | (395) |
| Amortization of deferred financing costs | 558 |
| Deferred financing costs at December 31, 2015 | $ (253) |
| Net balance of senior credit facility at December 31, 2015 | $ 58,482 |
| Less: Current portion of senior credit facility at December 31, 2015 | $(58,482) |
| Long-term portion of senior credit facility | $ - |

b) 8.00% Secured debentures

The Company issued debentures designated as "8.00% Secured Debentures due 2016" (the "8.00% Secured Debentures") in an aggregate principal amount of $176,228 pursuant to a secured trust indenture dated as of March 23, 2011. The 8.00% Secured Debentures were listed on the Toronto Stock Exchange ("TSX") on the date of closing of March 23, 2011.

The maturity date of the 8.00% Secured Debentures was March 23, 2016. Subsequent to the financial year ended December 31, 2015, the Company called for redemption on March 21, 2016 of all outstanding Senior Secured Debentures which were to be redeemed together with the completion of the Refinancing Transactions and Asset Sales on the same date, however the completion of these transactions and the repayment in full of all outstanding principal and accrued interest on the Senior Secured Debentures was completed on March 23, 2016.See note 30, Subsequent Events for more details.

The 8.00% Secured Debentures accrued interest at the rate of 8.0% per annum, payable semi-annually in arrears on June 30 and December 31 in each year. Under the terms of the 8.00% Secured Debentures, Tuckamore had the option to repurchase any or all of the 8.00% Secured Debentures outstanding at any time and also the right to redeem in cash any or all 8.00% Secured Debentures outstanding at any time, in its sole discretion, and without bonus or penalty, provided all accrued interest is paid at redemption, and subject to any restrictions in the Senior Credit Agreement. The terms of the 8.00% Secured Debentures also required Tuckamore to redeem a portion of the 8.00% Secured Debentures in certain circumstances prior to the maturity thereof using proceeds from specified dispositions, issuances of equity instruments or from excess operating cash flow, as defined. The Company's obligations under the 8.00% Secured Debentures were secured with a security interest in substantially all of Tuckamore's assets, which was subordinated to similar security interests granted in connection with the Company's obligations under the Senior Credit Agreement or certain other debt incurred in the future by Tuckamore's subsidiaries.

| | Secured Debentures |
|---|---|
| Issue date | March 23, 2011 |
| Principal amount | $ 176,228 |
| Interest rate | 8.0% |
| Carrying value at December 31, 2015 | $ 174,311 |
| Accretion expense recorded in 2015 | $ 7,465 |
| Accretion expense recorded in 2014 | $ 1,917 |
| Maturity date | March 23, 2016 |

Please refer to Subsequent events (note 30) for more information on the maturity and refinancing of the Secured debenture.

c) Unsecured Debentures

The Company had previously issued unsecured debentures (the "Unsecured Debentures") in the aggregate principal amount of $26,552 pursuant to an unsecured trust indenture dated as of March 23, 2011. The Unsecured Debentures matured on March 23, 2014. Interest accrued on the principal amount of the Unsecured Debentures at a non-compounding rate of 3.624% per annum, and was paid in cash in the amount of $2,887 at maturity. The Company satisfied the total principal owing under the Unsecured Debentures in the amount of $26,552 through a mandatory conversion of such principal into a total of 8,493,143 common shares of the Company, issued on maturity.

## 13. Obligations under finance leases

Finance lease obligations relate to vehicles and heavy equipment. Tuckamore's future minimum payments are as follows:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| 2015 | $ - | $ 7,405 |
| 2016 | 5,247 | 6,152 |
| 2017 | 3,751 | 4,191 |
| 2018 | 2,062 | 2,053 |
| 2019 | 713 | 488 |
| 2020 | 270 | - |
| Total minimum lease payments | 12,043 | 20,289 |
| Less amount representing interest (at rates ranging from 1% to 16%) | 1,011 | 2,033 |
| Present value of net minimum finance lease payments | 11,032 | 18,256 |
| Less current portion of obligations under finance leases | 4,685 | 6,457 |
| Long-term portion of obligation under finance leases | $ 6,347 | $ 11,799 |

Interest of $817 for the year ended December 31, 2015 (2014 - $880) relating to finance lease obligations has been included in interest expense.

## 14. Commitments and other contingencies

(a) Tuckamore is committed to payments under operating leases for equipment, office premises and land through 2029 in the total of approximately $67,724. Operating lease payments are based on contracts currently in place. Changes to these contracts may result in changes to future commitments. The minimum annual payments exclusive of operating costs under these lease arrangements are as follows:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| 2015 | $ - | $ 15,429 |
| 2016 | 12,454 | 13,477 |
| 2017 | 10,921 | 11,407 |
| 2018 | 8,531 | 8,263 |
| 2019 | 5,773 | 5,190 |
| 2020 | 4,351 | 3,276 |
| Thereafter | 25,694 | 21,739 |
| Total commitments under operating leases | $ 67,724 | $ 78,781 |
| Last year of commitment | 2029 | 2029 |

Tuckamore's contractual obligations for the years 2016 to 2020 and thereafter are as follows:

| | 2016 | 2017 | 2018 | 2019 | 2020 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 32,132 | $ - | $ - | $ - | $ - | $ - | $ 32,132 |
| Income tax payable | - | - | - | - | - | - | - |
| Senior credit facility | 58,735 | - | - | - | - | - | 58,735 |
| Secured debentures | 176,228 | - | - | - | - | - | 176,228 |
| Finance lease obligations | 5,247 | 3,751 | 2,062 | 713 | 270 | - | 12,043 |
| Operating leases | 12,454 | 10,921 | 8,531 | 5,773 | 4,351 | 25,694 | 67,724 |
| Contractual undiscounted interest payments[1] | 4,215 | | - | - | - | - | 4,215 |
| Total Contractual Obligations | $ 289,011 | $ 14,672 | $10,593 | $ 6,486 | $ 4,621 | $25,694 | $351,077 |

[1] Contractual undiscounted interest payments are calculated using fixed interest rates on the Senior Credit Facility and Secured Debentures. These calculations are made using the assumption that the debt balances as at December 31, 2015 will not change until they are fully repaid at maturity (refer to note 13).

(b) The various acquisition agreements provide that elections may be made under the Income Tax Act (Canada) to transfer the assets of the predecessor businesses to the various respective limited partnerships on a tax deferred basis. Accordingly, the tax cost to the Operating Partnership of the assets transferred where such elections are made may be less than the fair market value of such assets and, as such, some of the Operating Partnerships may realize a taxable gain on a future disposition of the assets. Certain acquisitions involved various corporate structuring steps to complete the transactions in a tax effective manner. These transactions involved interpretations of the Income Tax Act (Canada) that could if interpreted differently result in additional tax liabilities.

(c) Tuckamore and its Operating Partnerships are subject to material claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and can be reasonably estimated.

A statement of claim has been filed by a seller of a minority position in a subsidiary of Tuckamore in connection with the calculation of income as related to a promissory note forming part of the transaction. The claim is being defended and management feels it is without merit. The Company has made a counterclaim.

(d) In March 2015, the Company was advised by Brompton Corp. ("Brompton") that Brompton has received notices of reassessment from the Canada Revenue Agency (the "CRA") in which the CRA has denied the deduction to Brompton of certain non-capital losses and other tax attributes in computing Brompton's income for the 2010 to 2014 taxation years. Brompton is seeking indemnification in the amount of $4,099 (which includes interest) from Tuckamore Holdings LP, representing approximately 40% of its taxes, losses or costs, pursuant to certain agreements entered into by Tuckamore Holdings LP prior to the sale of its interest in Brompton.

Tuckamore previously announced, in September 2014, that it had been notified by Brompton that in the event that Brompton is subject to taxes assessed by CRA or incurs losses or costs associated with the CRA's review, it would be seeking indemnification for approximately 40% of these taxes, losses or costs pursuant to agreements entered into by Tuckamore Holdings LP. Tuckamore Holdings LP, a wholly-owned

subsidiary of Tuckamore, previously held approximately 40% of the outstanding equity of Brompton. Tuckamore Holdings LP sold its Class A shares in Brompton in September 2011.

On June 12, 2015, Brompton served Tuckamore and certain of its affiliates with a Statement of Claim seeking among other things, indemnification in the amount of 40% of the CRA's notices of reassessment for the 2010-2012 taxation years. On July 13, 2015, Tuckamore and its affiliates served their Statement of Defence denying Brompton's allegations and relying on, among other things, a corresponding warranty and indemnity provided by Brompton to Tuckamore. Brompton has brought a motion for summary judgement, which it is seeking to have heard in the summer of 2016. The Company has not provided for any amount with respect to this matter in its consolidated audited financial statements for the period ending December 31, 2015.

(e) Tuckamore has $4,380 of letters of credit outstanding as at December 31, 2015. The letters of credit are predominantly used to secure cash management services and as a performance guarantee in certain Operating Partnerships. The letters of credit are cash collateralized and the cash balance is included in cash and short-term investments held in trust.

**15. Revenue**

The following are amounts for each significant category of revenue recognized during the years ended December 31, 2015 and December 31, 2014:

| For the year ended December 31, | 2015 | 2014 Restated (Note 2) |
|---|---|---|
| Rendering of services | $ 255,843 | $ 413,504 |
| Sales of goods | 160,279 | 144,284 |
| Total revenue | $ 416,122 | $ 557,788 |

## 16. Selling, General & Administrative Expenses

| For the year ended | December 31, 2015 | December 31, 2014 Restated (Note 2) |
|---|---|---|
| Salaries & Benefits | $ 26,015 | $ 35,289 |
| Occupancy Costs | 13,369 | 13,131 |
| Consulting | 1,414 | 1,700 |
| Travel | 1,478 | 1,580 |
| Repairs & Maintenance | 1,080 | 1,314 |
| Office Expenses | 1,446 | 1,882 |
| Audit & Accounting | 1,195 | 870 |
| Other | 5,587 | 5,480 |
| | $ 51,584 | $ 61,246 |

## 17. Income taxes

The reconciliation of statutory income tax rates to Tuckamore's effective tax rate is as follows:

| For the year ended December 31, | 2015 | 2014 |
|---|---|---|
| Income tax recovery at statutory rates | $ 18,108 | $ 3,272 |
| Permanent differences | (8,058) | (1,684) |
| Change in tax rates on temporary differences | 653 | - |
| Deferred tax asset not benefited | (5,498) | |
| Recovery on the settlement of Unsecured Debentures | - | 3,000 |
| Other | (389) | 161 |
| Income tax recovery | $ 4,816 | $ 4,749 |

The tax effects of temporary differences that give rise to deferred income tax assets (liabilities) are as follows:

| December 31 | 2015 | 2014 |
|---|---|---|
| Deferred income tax assets (liabilities): | | |
| Fixed assets | $ - | $ (1,578) |
| Intangible assets | - | 3,455 |
| Debentures | - | (2,486) |
| Net operating losses | - | - |
| Net losses from discontinued operations | - | 2,382 |
| Other | - | (1,242) |
| Total deferred income tax asset | $ - | $ 531 |

The benefit of the following temporary differences have not been recognized:

| December 31 | | 2015 |
|---|---|---|
| Fixed assets | $ | (2,044) |
| Intangible assets | | 12,562 |
| Debentures | | (1,918) |
| Net operating losses | | 54,174 |
| Net losses from discontinued operations | | 24,567 |
| Other | | 1,080 |
| Total temporary differences not benefitted | $ | 88,421 |

Net operating losses of $54,174 will begin to expire in 2034.

Tuckamore has approximately $132,693 of capital losses that have not been recognized in the consolidated financial statements as at December 31, 2015 (2014 - $108,299). There is no expiry of capital losses.

## 18. Loss per share

The shares issuable under the stock options are the only potentially dilutive shares as at December 31, 2015.

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

| For the year ended December 31, | | 2015 | | 2014 Restated (Note 2) |
|---|---|---|---|---|
| Numerator: | | | | |
| Net (loss) income from continuing operations | $ | (64,436) | $ | 8,266 |
| Net loss from discontinued operations | | (60,451) | | (25,513) |
| Net loss | $ | (124,887) | $ | (17,247) |
| Denominator: | | | | |
| Weighted average number of shares outstanding (basic) | | 109,941 | | 90,526 |
| Effect of stock options[1] | | - | | - |
| Weighted average number of shares outstanding | | 109,941 | | 90,526 |

The authorized share capital of the Company consists of: (i) an unlimited number of shares and (ii) preferred shares issuable in series to be limited in number of an amount equal to not more than one half of the limited and outstanding shares at the time of issuance of such preferred share. As at December 31, 2015, there were 109,941,241 shares issued and outstanding and no preferred shares issued and outstanding.

## 19. Transaction Costs

During the year ended December 31, 2014, the Company incurred transaction costs of $9,057. The costs were incurred on legal fees, financial advisory fees, proxy solicitation fees, public relation fees, and expense reimbursements related to both a proposed, but unsuccessful, acquisition of all the shares of the Company and to the Company's response to certain activities undertaken by a minority group of dissident shareholders.

## 20. Restructuring Costs

During the year ended December 31, 2015, the Company incurred transaction costs of $7,454. These are one-time, non-recurring costs that are required in response to the potential impact of a prolonged period of reduced oil prices on ClearStream's business and costs associated with the wind-up of Tuckamore's head office. A majority of these costs are related to severance as a result of headcount reductions which have taken place or will take place at both ClearStream and Tuckamore.

## 21. Stock-based compensation

On November 30, 2009 the shareholders of Tuckamore approved an Incentive Option Plan ("IOP"). Pursuant to the IOP, 7,100,590 shares were listed and reserved for issuance upon the exercise of the stock options granted. During 2014, 6,200,000 options were exercised under the IOP. On March 25, 2011, the IOP was amended to permit the adoption of a new Management Incentive Plan ("MIP"). Pursuant to the MIP, 7,150,000 shares were listed and reserved for issuance upon the exercise of stock options. During 2014, 6,950,000 options were exercised under the MIP The term and conditions of the grants are as follows:

| Plan | Grant date | Number of options | Exercise price | Vesting dates | Contractual life of options |
|---|---|---|---|---|---|
| IOP | January 13, 2010 | 7,000,000 | $0.403 | 2010 to 2013 | 5 years |
| | March 25, 2011 | 50,000 | $0.358 | 50% vest on March 25, 2012<br>50% vest on March 25, 2013 | 5 years |
| MIP | March 25, 2011 | 7,150,000 | $0.358 | 50% vest on March 25, 2012<br>50% vest on March 25, 2013 | 5 years |
| Total options granted | | 14,200,000 | | | |

The number and weighted average exercise prices of share options are as follows:

| | IOP | | MIP | | |
|---|---|---|---|---|---|
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Total |
| Outstanding at December 31, 2014 | $0.403 | 6,200,000 | | 7,100,000 | 14,200,000 |
| Exercised during 2014 | $0.358 | (6,200,000) | $0.358 | (6,950,000) | (13,150,000) |
| Outstanding at December 31, 2014 | | - | | 150,000 | 150,000 |
| Exercised during 2015 | | - | | - | - |
| Exercisable at December 31, 2015 | | - | | 150,000 | 150,000 |

The options outstanding at December 31, 2015 have an exercise price of $0.358 and a weighted average remaining contractual life of 1 year.

Tuckamore estimates stock-based compensation expense at the grant date based on the fair value of the options as calculated by the Black-Scholes fair value option pricing model. This fair value model requires various judgmental assumptions including volatility and expected life of the options. The resulting fair value is charged to compensation expense over the vesting period of the options. No new stock options were granted during the years ended December 31, 2014 and December 31, 2015.

| Year ended December 31, 2014 | IOP | MIP | Total |
|---|---|---|---|
| Contributed surplus related to stock based compensation as at December 31, 2014 | $ - | $ 67 | $ 67 |

## 22. Related party disclosures

a) Advances to Operating Partnerships

The consolidated financial statements include Tuckamore and the subsidiaries listed in note 1. 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. Advances for entities classified as discontinued operations and assets held for sale are written off, if not fully recovered, in discontinued operations and assets held for sale. The following table reflects the advances to the other joint venture partners of the Operating Partnerships:

| | December 31, 2015 | December 31, 2013 |
|---|---|---|
| Net advances to joint venture Operating Partners | $ - | $ 1,418 |

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 balance is disclosed in the table below.

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Loans to current and former employees | $ - | $ 1,335 |

c) Other related party transactions

Income from equity investments includes $836 of rent expense paid to a company owned by the minority shareholder of Gusgo for the year ended December 31, 2015 (2014 - $836). Tuckamore shared space and services with a business that employs one of its former directors and paid $nil for the year ended

December 31, 2015 (2014 - $235) for such services. Interest charged to joint venture Operating Partnerships on advances was $229 (2014 - $119). Two operating leases for property, with annual rents of $312 and $400 are with a landlord in which certain executives of Tuckamore hold an indirect minority interest (2014 - $312 and $400). 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. Subsequent to December 31, 2015, the Company entered into refinancing transactions with Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages ("Canso"). Please refer to the subsequent events note (note 30) for more details.

d) Compensation for Key Management Personnel

Tuckamore's key management personnel includes the Directors, CEO, CFO, Vice Presidents and other senior management at Tuckamore and the CEO, CFO and Vice Presidents at the Operating Partnerships. The remuneration for these key management personnel during the years ended December 31, 2015 and December 31, 2014 are as follows:

| For the year ended December 31, | 2015 | 2014 |
|---|---|---|
| Short-term employment benefits | $ 6,512 | $ 8,901 |
| Post-employment benefits | - | 91 |
| Termination benefits | 3,530 | - |
| Total compensation | $ 10,042 | $ 8,992 |

## 23. Deferred revenue

| | | |
|---|---|---|
| Balance at January 1, 2014 | $ | 3,048 |
| Deferred during the year | | 7,433 |
| Realized in income during the year | | (5,118) |
| Balance at December 31, 2014 | $ | 5,363 |
| Reclassed as discontinued operations and held for sale | | (5,363) |
| Balance at December 31, 2015 | $ | - |

## 24. Financial risk management

Tuckamore has exposure to credit risk, customer concentration risk, liquidity risk and market risk. Tuckamore's Board of Directors has overall responsibility for the establishment and oversight of Tuckamore's risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to Tuckamore if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Tuckamore's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

Cash and short term deposits are held at Schedule A Banks.

Tuckamore has a credit policy under which each new customer is analyzed individually for creditworthiness before standard payment terms and conditions are offered. Tuckamore's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. When available, Tuckamore reviews credit bureau ratings, bank accounts and financial information for each new customer. A majority of Tuckamore's customers are located in Canada and represent various industries. ClearStream's customers are primarily multinational oil and gas and construction companies, all of which have strong creditworthiness.

(b) Customer concentration risk

Revenues of ClearStream are concentrated, with its top three customers representing 54.7% of consolidated revenue (2014 – 40.6%) and 32.1% of the consolidated accounts receivable for Tuckamore (27.7%). More specifically, ClearStream's largest customer accounted for 32.2% or $133,786 of Tuckamore's consolidated revenue for the year ended December 31, 2015 (2014 – 26.8% or $188,769).

(c) Liquidity risk

Liquidity risk is the risk that Tuckamore will not be able to meet its financial obligations as they come due. Tuckamore's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The maturity dates for the senior credit facility and secured debentures are in 2016. Subsequent to year-end, Tuckamore's maturing debt was refinanced (refer to note 31 for more details). The finance lease obligations expire in the years 2016 to 2020.

Tuckamore's strategy is that long-term debt should always form part of its capital structure, assuming an appropriate cost. As existing debt approaches maturity, Tuckamore will replace it with new debt, convert it into equity or refinance or restructure, depending on the state of the capital markets at the time.

Tuckamore manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices, will affect Tuckamore's income or the value of its financial instruments.

Tuckamore markets its products primarily in Canada and substantially all of its financial assets and liabilities originate in Canadian dollars. Tuckamore is exposed to currency risk for sales and purchases that are denominated in U.S. dollars. Tuckamore believes that this risk is minimal and has not entered into any currency hedging transactions.

Tuckamore is exposed to currency risk on certain sales and purchases. As at December 31, 2015 and December 31, 2014, Tuckamore's consolidated financial statements included the Canadian equivalent of the following U.S. dollar denominated balances:

| As at | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Accounts payable and accrued liabilities | (157) | (185) |
| | (157) | (185) |

A 10% strengthening (weakening) in the Canadian dollar against the $U.S dollar as at December 31, 2015 would result in $16 gain (loss).

(e) Interest rate risk

This company is subject to risks associated with debt financing, including the risk that credit facilities may not be re-financed on terms that are as favourable as those of existing indebtedness. If variable interest rates increased or decreased by one percent, there would be a $587 (2014 - $677) change in the annual net income for the year ended December 31, 2015.

## 25. Changes in non-cash balances

| | 2015 | 2014 |
|---|---|---|
| Accounts receivable | $ 36,218 | $ (15,141) |
| Inventories | 1,349 | (1,299) |
| Prepaid expenses | 94 | 3,147 |
| Other current assets | 563 | 624 |
| Accounts payable and accrued liabilities | (8,352) | (281) |
| Income taxes payable | - | 2,050 |
| Deferred revenue | (510) | (2,057) |
| Total changes in non-cash balances | $ 29,362 | $ (12,957) |
| Total change in non-cash balances - discontinued operations (note 2) | - | (956) |

## 26. Long-term Investments

At December 31, 2015, Tuckamore held an 80% interest in Gusgo, a 92% interest in Titan and a nominal interest in other joint arrangemetns and associates, from continuing operations. At December 31, 2015 Titan was classified as an asset held for sale on Tuckamore's consolidated balance sheet.At December 31, 2014, Tuckamore held a 92% interest in Titan, 80% interests in Gusgo, 80% interest in IC Group and a nominal interest in other joint arrangements and associates. The summarized financial information for Tuckamore's joint arrangements and associates, from continuing operations, at 100% are as follows:

| | | December 31, 2015 | | December 31, 2014 |
|---|---|---|---|---|
| Current assets | $ | 4,030 | $ | 26,208 |
| Property, plant and equipment | | 968 | | 2,467 |
| Goodwill and intangibles | | 4,628 | | 9,096 |
| Other assets | | 1,843 | | 1,353 |
| Total Assets | $ | 11,469 | $ | 39,124 |
| Current liabilities | $ | 1,324 | $ | 16,056 |
| Long-term obligations | | - | | 217 |
| Total Liabilities | $ | 1,324 | $ | 16,273 |
| Total Equity | $ | 10,145 | $ | 22,851 |
| Attributable to: | | | | |
| Tuckamore | $ | 8,000 | $ | 21,773 |
| Joint arrangement / associate partners | $ | 2,145 | $ | 1,078 |

| For the year ended December 31, | | 2015 | | 2014 |
|---|---|---|---|---|
| Revenues | $ | 46,871 | $ | 55,229 |
| Expenses | | 46,707 | | 51,351 |
| Net income | $ | 164 | $ | 3,878 |
| Attributable to: | | | | |
| Tuckamore | $ | (508) | $ | 2,904 |
| Joint arrangement / associate partners | $ | 672 | $ | 974 |

| For the year ended December 31, | | 2015 | | 2014 |
|---|---|---|---|---|
| Cash flows provided by operating activities | $ | 3,551 | $ | 4,950 |
| Cash flows used in financing activities | $ | (2,429) | | (3,048) |
| Cash flows used in investing activities | $ | (338) | | (1,100) |
| Net increase in cash | $ | 784 | $ | 802 |

During the year ended December 31, 2014, $2,000 of goodwill at IC Group was impaired as a result of a general reduction in business volumes. The recoverable amount of IC Group approximated its carrying value. Tuckamore disposed of its interest in IC Group on July 31, 2015. Please refer to note 2, assets held for sale and discontinued operations, for more details.

## 27. Segmented Information

As at December 31, 2015 Tuckamore has three 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 industrial services segment includes one reportable operating segments and represents investments in a fully integrated provider of mid-stream production services to the energy industry. The other segment includes 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 loss and comprehensive loss. This column represents adjustments required to account for joint ventures under IFRS 11 (see note 1).

| Year Ended December 31, 2015 | Industrial Services | | Other | Corporate | Eliminations | Total |
|---|---|---|---|---|---|---|
| | ClearStream | Quantum Murray[1] | | | | |
| Revenue | $ 418,635 | $ - | $ 36,008 | $ - | $ (38,521) | $ 416,122 |
| Cost of revenue | (334,819) | - | (25,723) | - | 27,674 | (332,868) |
| Gross profit | 83,816 | - | 10,285 | - | (10,847) | 83,254 |
| Selling, general and administrative expenses | (48,260) | - | (11,289) | (3,405) | 11,370 | (51,584) |
| Amortization of intangible assets | (5,636) | - | - | (16) | 1 | (5,651) |
| Depreciation | (8,146) | - | (595) | (535) | 595 | (8,681) |
| Income from equity investment | - | - | 709 | - | (1,217) | (508) |
| Interest expense | (8,654) | - | (5) | (16,294) | 5 | (24,948) |
| Restructuring costs | (5,016) | | | (2,438) | | (7,454) |
| Write-down of property, plant and equipment | (5,574) | - | - | - | - | (5,574) |
| Write-down of goodwill and intangible assets | (41,727) | - | - | - | - | (41,727) |
| Loss from assets held for sale | - | - | (6,379) | - | - | (6,379) |
| (Loss) income before taxes | $ (39,197) | $ - | $ (7,274) | $ (22,688) | $ (93) | $ (69,252) |
| Income tax recovery (expense) - current | - | - | (74) | 2,050 | 74 | 2,050 |
| Income tax recovery (expense) - deferred | - | - | (23) | 2,766 | 23 | 2,766 |
| (Loss) income from continuing operations | $ (39,197) | $ - | $ (7,371) | $ (17,872) | $ 4 | $ (64,436) |
| Add back: | | | | | | - |
| Interest expense | 8,654 | - | 5 | 16,294 | (5) | 24,948 |
| Amortization | 5,636 | - | - | 16 | (1) | 5,651 |
| Depreciation | 8,146 | - | 595 | 535 | (595) | 8,681 |
| Income tax (recovery) expense - current | - | - | 74 | (2,050) | (74) | (2,050) |
| Income tax (recovery) expense - deferred | - | - | 23 | (2,766) | (23) | (2,766) |
| EBITDA | $ (16,761) | $ - | $ (6,674) | $ (5,843) | $ (694) | $ (29,972) |
| Total assets as at: December 31, 2015 | 163,824 | 50,765 | 23,282 | 29,361 | (13,694) | 253,538 |
| Total liabilities as at: December 31, 2015 | 49,552 | 40,623 | 26,386 | 215,727 | (13,694) | 318,594 |

[1]Please note that the total assets and total liabilities for Quantum Murray have been reclassified to discontinued operations on the consolidated balance sheet.

Included in the assets and liabilities of the Industrial and Other segments are long-term investments in joint ventures and associates of $629 and $7,371, respectively.

| Year Ended December 31, 2014 | Marketing | Industrial Services | | Other | Corporate | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | | ClearStream | Quantum Murray | | | | |
| Revenue | $ - | $ 559,510 | $ - | $ 45,912 | $ - | $ (47,634) | $ 557,788 |
| Cost of revenue | - | (444,885) | - | (30,147) | - | 31,509 | (443,523) |
| Gross profit | - | 114,625 | - | 15,765 | - | (16,125) | 114,265 |
| Selling, general and administrative expenses | - | (57,529) | - | (12,561) | (3,747) | 12,591 | (61,246) |
| Amortization of intangible assets | - | (5,692) | - | - | (23) | - | (5,715) |
| Depreciation | - | (9,350) | - | (521) | (479) | 522 | (9,828) |
| Income from equity investments | - | - | - | - | - | 2,904 | 2,904 |
| Interest expense | - | (10,126) | - | (18) | (17,372) | 18 | (27,498) |
| Transaction costs | - | - | | - | (9,057) | - | (9,057) |
| Write-down of goodwill and intangibles | - | (308) | - | - | - | - | (308) |
| (Loss) income before income taxes | $ - | $ 31,620 | $ - | $ 2,665 | $ (30,678) | $ (90) | $ 3,517 |
| Income tax (expense) recovery - current | - | 18 | - | - | (2,114) | 46 | (2,050) |
| Income tax recovery (expense) - deferred | - | 1,592 | - | (44) | 5,207 | 44 | 6,799 |
| (Loss) income from continuing operations | $ - | $ 33,230 | $ - | $ 2,621 | $ (27,585) | $ - | $ 8,266 |
| Add back: | | | | | | | - |
| Interest expense | - | 10,126 | - | 18 | 17,372 | (18) | 27,498 |
| Amortization | - | 5,692 | - | - | 23 | - | 5,715 |
| Depreciation | - | 9,350 | - | 521 | 479 | (522) | 9,828 |
| Income tax expense (recovery) - current | - | (18) | - | - | 2,114 | (46) | 2,050 |
| Income tax (recovery) expense - deferred | - | (1,592) | - | 44 | (5,207) | (44) | (6,799) |
| EBITDA | $ - | $ 56,788 | $ - | $ 3,204 | $ (12,804) | $ (630) | $ 46,558 |
| Total assets as at: December 31, 2014 | 11,164 | 257,879 | 80,998 | 25,973 | 28,049 | (12,331) | 391,732 |
| Total liabilities as at: December 31, 2014 | 9,324 | 109,766 | 64,886 | 24,959 | 135,297 | (12,331) | 331,901 |

Included in the assets and liabilities of the Marketing, Industrial and Other segments are long-term investments in joint ventures and associates of $3,625, $51 and $18,097, respectively.

## 28. Capital management

Tuckamore's capital structure is comprised of shareholders' equity and short and long-term debt. Tuckamore's objective is to maintain access to diverse and cost-effective sources of capital with which to finance its operations, cash resources and investments made by it in the Operating Partnerships.

Tuckamore is not subject to any externally imposed capital requirements other than standard and restrictive financial covenants on its subsidiary's senior facility with which it must comply. As at December 31, 2015, Tuckamore was in advanced stages of refinancing its existing credit facilities (refer to note 31).

## 29. Comparative figures

As a result of discontinued operations, the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation in the December 31, 2015 annual consolidated financial statements. The comparative consolidated income statement categorizes the revenues and expenses of the business classified as a discontinued operation at December 31, 2015.

**30. Subsequent Events**

*Completion of Refinancing Transactions, Asset Sales, Entering into ABL Facility and Repayment of 8.00% Secured Debentures and Senior Credit Agreement*

On March 23, 2016, the Company announced that it had completed its previously announced refinancing transactions (the "Refinancing Transactions") comprising:

- the issuance of debentures of the Company by way of private placement and designated as "8.00% senior secured debentures due 2026" (the "Senior Secured Debentures") in an aggregate principal amount of $176,228 which was purchased by Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages ("Canso");
- the issuance of debentures of the Company by way of private placement and designated as "10.00% second lien secured convertible debentures due 2026" (the "Convertible Secured Debentures") in an aggregate principal amount of $25,000, which was also purchased by Canso; and
- the issuance of Convertible Secured Debentures in an aggregate principal amount of $10,000 pursuant to the exercise of transferable rights issued to shareholders of record of the Company as of February 18, 2016 (the "Rights Offering.

As Canso is considered an insider of the Company under applicable securities law, Canso's participation in the Refinancing Transactions was a related party transaction. Accordingly, and as required by the rules of the Toronto Stock Exchange and applicable securities law for such transactions, the Company sought and obtained disinterested shareholder approval for the Refinancing Transactions at an adjourned special meeting of shareholders held February 25, 2016. The Company also obtained disinterested shareholder approval for certain waivers of the application of the Company's shareholder rights plan in respect of the Refinancing Transactions.

In connection with the Refinancing Transactions, the Company also announced: (a) that its indirect subsidiary ClearStream Energy Holdings LP had entered into an asset-based lending credit agreement (the "ABL Facility") with (among others) Bank of Montreal, as administrative agent (the "ABL Agent") and the Company and certain of its other direct and indirect subsidiaries as guarantors; and (b) that it had completed its previously announced sales of Quantum Murray, Titan Supply and Gusgo Transportation, in two transactions (collectively, the "Asset Sales").

In contemplation of the completion of the Refinancing Transactions, the Asset Sales and the entering into of the ABL Facility, on March 23, 2016, the Company completely repaid all outstanding principal and accrued interest on its then outstanding 8.00% Secured Debentures, discharging the Company's obligations thereunder, using proceeds from the Refinancing Transactions. The Company also used proceeds of the Refinancing Transactions, together with proceeds of the Asset Sales, to completely and permanently repay all indebtedness outstanding under its Senior Credit Agreement which, as at March 23, 2016, had an outstanding principal balance of $38,885. The Senior Credit Agreement had previously been further amended in December 2015 and subsequently in January and March of 2016 to, among other things, extend the maturity date until March 23, 2016 in order to permit the completion of the Refinancing Transactions, Asset Sales and the entering into of the ABL Facility. The total cost of these extensions was $75.

As a result of the Refinancing Transactions, the Asset Sales and the entering into of the ABL Facility, the Company extinguished approximately $215,000 in current liabilities resulting from the upcoming maturity of obligations under the 8.00% Secured Debentures and Senior Credit Agreement which were coming due in the first quarter of 2016, and replaced them with long-term indebtedness under the Senior Secured Debentures and Convertible Secured Debentures as well as providing for operating credit pursuant to the ABL Facility.

Following the completion of the Asset Sales, the Company's primary business is that of ClearStream Energy Holdings LP and its direct and indirect subsidiaries (collectively, "ClearStream"). ClearStream is a fully integrated provider of upstream, midstream and downstream production services to the energy industry in Western Canada. ClearStream provides transportation, fabrication, construction, maintenance and operation services primarily to the oil and gas industry and also to the pulp and paper and timber industries.

There is no guarantee and no assurance can be provided that the Company and/or its guarantors subsidiaries (including ClearStream) will be able to meet their respective debt covenants in the future under the Senior Secured Debentures, Convertible Secured Debentures or the ABL facility. The failure to do so could result in one or more events of default under the applicable debt documents. If an event of default were to occur in respect of the Company's debt, then without an amendment or waiver from the applicable lenders, all amounts owing under the ABL Facility, the Senior Secured Debentures and the Convertible Secured Debentures would become due on demand and classified as current liabilities.

A brief summary of the Senior Secured Debentures, Convertible Secured Debentures, the Rights Offering, the ABL Facility and the Asset Sales follows. Copies of all relevant material contracts and documents in respect of the foregoing are filed and available for public inspection on the Company's SEDAR profile at www.sedar.com.

*Senior Secured Debentures*

Subsequent to the year ended December 31, 2015, on March 23, 2016 the Company issued Senior Secured Debentures in an aggregate principal amount of $176,228 to Canso on a private placement basis. The net proceeds of this issuance was used to completely repay the principal amount outstanding under the 8.00% Secured Debentures which were repaid together with accrued interest, on the same date.

The Senior Secured Debentures bear interest at an annual rate of 8.00% payable semi-annually in arrears on June 30 and December 31 in each year. The maturity date of the Senior Secured Debentures is March 23, 2026. The Senior Secured Debentures are redeemable either in whole or in part from time to time before the maturity date. The Senior Secured Debentures are secured by first-ranking liens over all of the property of the Company and its guarantor subsidiaries, other than certain limited classes of collateral over which the Company has granted a prior-ranking lien in favour of the ABL Agent which secure the Company's obligations under the ABL Facility. The Senior Secured Debentures provide for certain events of default and covenants of the Company which are customary for transactions of this nature, including financial and reporting covenants and restrictive covenants limiting the ability of the Company and its subsidiaries to make certain distributions and dispositions, incur indebtedness, grant liens and limitations with respect to acquisitions, mergers, investments, non-arm's length transactions, reorganizations and hedging arrangements (subject to certain exceptions).

*Convertible Secured Debentures*

Subsequent to the year ended December 31, 2015, on March 23, 2016 the Company issued Convertible Secured Debentures in an aggregate principal amount of $25,000 to Canso on a private placement basis and an additional $10,000 principal amount of Convertible Secured Debentures pursuant to the Rights Offering (described below). The net proceeds of this issuance, together with the proceeds of the Asset Sales, were used to completely repay the Company's indebtedness under the Senior Credit Agreement.

The Convertible Secured Debentures bear interest at an annual rate of 10.00% payable semi-annually in arrears on June 30 and December 31 in each year. The Company may elect to satisfy any interest payment obligation by issuing additional Convertible Secured Debentures which will be subject to the same terms and conditions as previously issued Convertible Secured Debentures. The maturity date of the Convertible Secured Debentures is March 23, 2026. The Company may redeem the Convertible Secured Debentures, in whole or in part from time to time, after March 23, 2021. The Convertible Secured Debentures are convertible into common shares of the Company at an initial conversion price of $0.35 per common share (subject to adjustment in certain circumstances). The Convertible Secured Debentures are secured by liens over all of the property of the Company and its guarantor subsidiaries, other than property over which security has been granted in favour of the ABL Agent in respect of the ABL Facility. The security granted in connection with the Convertible Secured Debentures is subordinated to the security granted in connection with the Senior Secured Debentures. The Convertible Secured Debentures provide for events of default and covenants of the Company which are customary for transactions of this nature which are substantially similar to the events of default and covenants provided in respect of the Senior Secured Debentures.

*Rights Offering*

Pursuant to the Rights Offering, the Company offered to its shareholders of record as of February 18, 2016 transferable rights to purchase up to $10,000 aggregate principal amount of Convertible Secured Debentures for the same amount in gross proceeds. Each such shareholder was entitled to one right for each common share held. Every 1,099.41241 rights entitled an eligible rights holder to purchase $100 aggregate principal amount of Secured Convertible Debentures at a subscription price of $100. The rights expired on March 17, 2016 and the Rights Offering, which was over-subscribed, closed on March 23, 2016, resulting in the issuance of:

- $1,969 aggregate principal amount of Convertible Secured Debentures upon the exercise of the basic subscription privilege;and
- $8,030 aggregate principal amount of Convertible Secured Debentures issued to over-subscribing purchasers on a pro-rate basis, pursuant to the additional subscription privilege.

*ABL Facility*

The ABL Facility is a revolving facility providing for maximum borrowings to ClearStream Energy Holdings LP, as borrower, of up to $60,000 and carries a term of three years. An arrangement fee of $510 was paid in connection with entering into the ABL Facility. The amount available to be drawn under the ABL Facility will vary from time to time, based upon a borrowing base determined with reference to the accounts receivable and inventory levels of ClearStream. The obligations under the ABL Facility are secured by, among other things, a first ranking lien on all of the existing and after acquired accounts receivable and inventories of the borrower and the other guarantors, being the Company and certain of its direct and indirect subsidiaries. The ABL Facility contains and provides for certain covenants (including financial reporting) and events of default as are customary in transactions of this nature. The interest rate on the ABL Facility is prime plus 2.5%, increasing to prime plus 4% if the ABL Facility is more than 50% drawn. As at March 23, 2016, there was no amount drawn on the ABL Facility.

*Asset Sales*

Subsequent to the financial year ended December 31, 2015, the Company completed the Asset Sales, consisting of the assets of the businesses of each of Quantum Murray and Titan Supply as well as the Company's equity interests in Gusgo Transportation and related subsidiaries. The total consideration for the Asset Sales was approximately $28,000 in aggregate, in addition to the release of $2,000 of cash held in trust, backing letters of credit and including assumption of debt of approximately $3,000, with approximately $10,000 in aggregate paid on completion of the Asset Sales and an additional $6,800 to be received in the second quarter of 2016. An additional $2,000 will be held back pending confirmation that certain events do not occur and earn outs of up to $8,200 will be paid based on the renewal of certain contracts and the future income and cash flow of businesses being sold. The net aggregate proceeds from the Asset Sales were used to repay outstanding indebtedness under the Senior Credit Agreement. Approximately $4,000 of the proceeds from the sale of Gusgo were used to repay outstanding indebtedness under the Senior Credit Agreement. The remaining proceeds, when received will be used to repay any outstanding balances on the ABL facility. Management anticipates a gain on sale of Gusgo of approximately $1,000.