CONSOLIDATED FINANCIAL STATEMENTS OF

CLEARSTREAM ENERGY SERVICES INC.

(FORMERLY TUCKAMORE CAPITAL MANAGEMENT INC.)

YEARS ENDED DECEMBER 31, 2016 AND 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements of ClearStream Energy Services Inc. ("ClearStream") 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 internal controls over financial reporting 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 ClearStream's assets are safeguarded, transactions are accurately recorded, and the consolidated financial statements report ClearStream'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 ClearStream 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 statements 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.

John W. Cooper
Chief Executive Officer

Gary Summach
Chief Financial Officer

Calgary, Canada
March 6, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of ClearStream Energy Services Inc. (formerly "Tuckamore Capital Management Inc.")

We have audited the accompanying consolidated financial statements of ClearStream Energy Services Inc., which comprise the consolidated balance sheets as at December 31, 2016 and 2015 and the consolidated statements of loss and comprehensive loss, shareholders' deficit and cash flows for the years then ended, 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 ClearStream Energy Services Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1(b) to the consolidated financial statements, which indicates that the Company incurred a net loss of $45,730 during the year ended December 31, 2016 and continues to feel the effects of weak economic conditions. As stated in Note1 (b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Ernst & Young LLP

Calgary, Canada
March 6, 2017

Chartered Professional Accountants

CLEARSTREAM ENERGY SERVICES INC.
(FORMERLY TUCKAMORE CAPITAL MANAGEMENT INC.)

Consolidated Balance Sheets

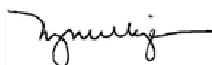
(In thousands of Canadian dollars)

As at December 31,	2016	2015
Cash	$ 11,503	$ 24,409
Restricted cash (note 2)	980	4,380
Accounts receivable (note 22)	46,928	76,089
Inventories (note 3)	3,000	3,114
Prepaid expenses and other	2,060	2,471
Earn-out assets (note 4)	1,608	-
Assets held for sale (note 12)	-	54,310
Total current assets	66,079	164,773
Property, plant and equipment, net (note 5)	24,745	30,873
Goodwill and intangible assets (note 6)	38,088	49,892
Earn-out assets (note 4)	4,056	-
Long-term investments (note 24)	579	8,000
Deferred financing costs (note 7)	1,295	-
Total assets	**$ 134,842**	**$ 253,538**
Accounts payable and accrued liabilities	$ 26,848	$ 32,132
Deferred revenue	167	-
Current portion of obligations under finance leases (note 11)	3,902	4,685
8.00% secured debentures (note 8)	-	174,311
Senior credit facility (note 10)	-	58,482
Current liabilities of assets held for sale (note 12)	-	42,637
Provision (note 13)	4,985	-
Total current liabilities	35,902	312,247
ABL facility (note 7)	3,500	-
Obligations under finance leases (note 11)	2,915	6,347
Senior secured debentures (note 8)	171,642	-
Convertible secured debentures (note 9)	24,397	-
Total liabilities	238,356	318,594
Shareholders' deficit	(103,514)	(65,056)
Total liabilities and shareholders' deficit	**$ 134,842**	**$ 253,538**

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

Commitments (Note 13)

Signed on behalf of the Board of Directors,



Fraser Clarke, Director

Peggy Mulligan, Director

CLEARSTREAM ENERGY SERVICES INC.
(FORMERLY TUCKAMORE CAPITAL MANAGEMENT INC.)

Consolidated Statements of Loss and Comprehensive Loss

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

For year ended December 31,		2016		2015
				Restated (Note 27)
Revenue (note 14)	$	270,661	$	416,122
Cost of revenue		(245,750)		(362,429)
Gross profit		24,911		53,693
Selling, general and administrative expenses (note 15)		(17,382)		(22,362)
Amortization of intangible assets (note 6)		(3,376)		(5,651)
Depreciation (note 5)		(6,625)		(8,681)
Income from equity investment (note 24)		(169)		(508)
Interest expense (note 16)		(21,259)		(24,948)
Gain (loss) on sale of assets held for sale (note 12)		1,260		(6,379)
Restructuring costs (note 19)		(1,471)		(7,454)
Impairment of property, plant and equipment (note 5)		-		(5,574)
Impairment of goodwill and intangible assets (note 6)		(8,700)		(41,727)
Other income		623		-
(Loss) gain on sale of property, plant and equipment (note 5)		(728)		340
Loss before taxes		(32,916)		(69,252)
Income tax recovery (expense) - current (note 17)		(21)		2,050
Income tax recovery - deferred (note 17)		-		2,766
Loss from continuing operations		(32,937)		(64,436)
Loss from discontinued operations (net of income taxes) (note 12)		(12,793)		(60,451)
Net loss and comprehensive loss	$	(45,730)	$	(124,887)
Loss per share (note 18)				
Basic & Diluted:				
Continuing operations	$	(0.30)	$	(0.59)
Discontinued operations	$	(0.12)	$	(0.55)
Net loss	$	(0.42)	$	(1.14)

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

CLEARSTREAM ENERGY SERVICES INC.
(FORMERLY TUCKAMORE CAPITAL MANAGEMENT INC.)

Consolidated Statements of Shareholders' Deficit

(In thousands of Canadian dollars, except number of shares)

	Number of shares	Share Capital	Deficit	Contributed Surplus	Total Shareholders' Deficit
Balance - January 1, 2016	109,941,241	$461,758	$ (529,241)	$ 2,427	$ (65,056)
Net loss and comprehensive loss	-	-	(45,730)	-	(45,730)
Equity component of the convertible debentures (note 9)	-	7,272	-	-	7,272
Balance - December 31, 2016	109,941,241	$469,030	$ (574,971)	$ 2,427	$ (103,514)

	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	-	-	(124,887)	-	(124,887)
Balance - December 31, 2015	109,941,241	$461,758	$ (529,241)	$ 2,427	$ (65,056)

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

CLEARSTREAM ENERGY SERVICES INC.
(FORMERLY TUCKAMORE CAPITAL MANAGEMENT INC.)

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

For the year ended December 31,	2016	2015
Operating activities:		
Net loss for the year	$ (45,730)	$ (124,887)
Loss from discontinued operations (net of income tax) (note 12)	12,793	60,451
Items not affecting cash:		
Amortization of intangible assets (note 6)	3,376	5,651
Depreciation (note 5)	6,625	8,681
Deferred income tax recovery (note 17)	-	(2,766)
Income from equity investments (note 24)	169	(3,434)
Non-cash accretion expense (note 16)	2,526	7,465
Amortization of deferred financing costs (note 16)	432	558
(Gain) loss on sale of assets held for sale (note 12)	(1,260)	6,379
Loss (gain) on sale of property, plant and equipment (note 5)	728	(340)
Impairment of property, plant and equipment (note 5)	-	5,574
Impairment of goodwill and intangible assets (note 6)	8,700	41,727
Changes in non-cash working capital (note 23)	24,569	29,701
Advances to discontinued operations	(3,931)	(20,677)
Cash (used in) provided by discontinued operations (note 12)	(4,432)	1,482
Total cash provided by operating activities	4,565	15,566
Investing activities:		
Distributions from long-term investments	-	1,740
Purchase of property, plant and equipment (note 5)	(1,417)	(3,260)
Proceeds on disposition of property, plant and equipment, net (note 5)	1,927	311
Proceeds on disposition of businesses (note 12)	14,800	4,750
Purchase of intangibles (note 6)	(274)	(108)
Cash used in discontinued operations (note 12)	-	(732)
Total cash provided by investing activities	15,036	2,701
Financing activities:		
Repayment of senior credit facility (note 10)	(58,735)	(8,934)
Repayment of 8.00% secured debentures (note 8)	(176,228)	-
Proceeds from the issuance of senior secured debentures (note 8)	176,228	-
Proceeds from the issuance of convertible secured debentures (note 9)	35,000	-
Refinancing fees (ABL facility, senior and convertible secured debentures)	(10,256)	-
Advance on ABL facility (note 7)	3,500	-
Decrease (increase) in restricted cash (note 2)	3,400	(1,430)
Repayment of obligations under finance leases (note 11)	(5,416)	(5,591)
Cash used in discontinued operations (note 12)	-	(617)
Total cash used in financing activities	(32,507)	(16,572)
(Decrease) increase in cash	(12,906)	1,695
Cash beginning of year	24,409	22,714
Cash end of year	$ 11,503	$ 24,409
Supplemental cash flow information:		
Interest paid	$ 9,404	$ 16,925
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of property, plant and equipment through finance leases	$ 1,201	$ 2,003

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

ClearStream Energy Services Inc. ("ClearStream" or the "Company"), formerly Tuckamore Capital Management Inc., is a corporation formed pursuant to the Business Corporations Act (Ontario). The registered office is located at Suite 2950, 130 King Street West, Toronto, Ontario. ClearStream is a fully-integrated provider of midstream production services, which includes maintenance and turnarounds, facilities construction, welding and fabrication, and transportation, with locations across Western Canada. Prior to the recent internal restructuring and dispositions (Note 12), the Company's primary function was to invest in securities of private businesses, either through limited partnerships or corporations.

These annual consolidated financial statements were authorized for issuance in accordance with a resolution of the Board of Directors of ClearStream on March 6, 2017.

1. Significant accounting policies

a) Basis of Presentation

These consolidated financial statements are prepared on a historical cost basis (except as described in Note 22) in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies that follow have been consistently applied to all years presented.

b) Going Concern Uncertainty

The consolidated financial statements are prepared on a going concern basis. The going concern basis assumes that the Company will continue its operations for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. For the year ended December 31, 2016, the Company incurred a net loss of approximately $45,730 and had a shareholders' deficit of $103,514. The Company's operations continue to feel the effects of weak economic conditions in Alberta. During 2016, ClearStream successfully obtained amendments to the terms of its ABL Facility, which allowed it to remain in compliance with its covenants throughout the year. The Company's expects to remain in compliance with all financial covenants over the next twelve months; however, there is a risk that the Company will not meet forecasted expectations and therefore breach financial covenants during 2017.

ClearStream is carefully monitoring its results and continues to take actions to mitigate the risk of a covenant breach, including reductions to operating and capital expenditures. The Company believes that it has a good relationship with its lenders and that, in the event that it concludes that a financial covenant would not be met, it could seek and receive future amendments to its covenants. It cannot be guaranteed that such amendment will be required or requested and similarly there can be no guarantee that such amendment would be received from the Company's lenders or that the conditions of such amendment could be fulfilled by the Company. In the event that an amendment was not received, the cross-default provisions in the senior secured debenture and convertible secured debenture would be triggered, requiring payment on demand. The possibility that a financial covenant may not be met results in a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

c) Principles of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2016. The Company conducts business through numerous subsidiaries, all of which are wholly-owned therefore controlled, by the Company. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated on consolidation.

d) Investment in associates and joint ventures

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

e) Financial instruments

(i) Financial assets

Financial assets are classified as financial assets at their fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. Embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. Financial assets and financial liabilities are recognized on the Company's consolidated balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Cash and restricted cash

Cash and restricted cash are comprised of cash on deposit with financial institutions. These are measured at fair value with any gains and losses recorded through net income in the period in which they arise.

Accounts receivable

Accounts receivable, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, net of any impairment.

A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the loans and receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of net loss. When a loan and receivable is uncollectible, it is written off against the allowance account for loans and receivables.

Earn-out financial assets

Earn-out financial assets represent contractual rights to receive cash whereby an agreement for the sale of a business includes clauses that require the buyer to transfer cash to the seller contingent on specified events in the future. When the underlying contingency is based on a financial variable (including variables that expose the buyer to risks and rewards arising from the contract), the contract meets the definition of a derivative and is recorded at fair value through profit and loss.

Financial liabilities

Financial liabilities include accounts payable, the ABL Facility, senior secured debentures and convertible secured debentures. Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Fair value hierarchy

The Company uses a three level hierarchy to categorize the significance of the inputs used in measuring the fair value of financial instruments. The three levels of the fair value hierarchy are:

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 inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including quoted forward prices, time value, volatility factors and broker quotations.

Level 3 – Valuations in this level are those with inputs that are not based on observable market data and which are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value. Level 3 instruments may include items based on pricing services or broker quotes where the Company is unable to verify the observability of inputs into their prices. Level 3 instruments include longer-term transactions, transactions in less active markets or transactions at locations for which pricing information is not available. In these instances, internally developed methodologies are used to determine fair value which primarily includes extrapolation of observable future prices to similar location, similar instruments or later time periods.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The Company's cash and restricted cash have been assessed using the fair value hierarchy and have been classified as level 1; the Company's earn-out financial assets have been classified as level 3.

f) 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.

g) 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	Declining balance	15% - 30%
Furniture, tools and equipment	Declining balance	10% - 50%
Computer hardware	Declining balance	20% - 30%
Automotive & heavy equipment	Declining balance	15% - 30%
Buildings	Declining balance	5% - 10%
Leasehold improvements	Straight-line	Shorter of expected useful life or term of the lease

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. Intangible assets having an indefinite life, such as brands, are not amortized but are subject to an annual impairment test (refer to Note 1(i)). The Company expects to renew the registration of the brand names indefinitely, and expects these assets to generate economic benefit in perpetuity. As such, the Company assessed brand name intangible assets as having indefinite useful lives.

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	30% - 100%

i) Impairment of long-lived assets, indefinite life intangible assets and goodwill

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 indicators of impairment exist, an estimate of the recoverable amount is made. 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.

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 whose acquisition gave rise to the goodwill. Assessment of goodwill impairment is performed at the level at which goodwill is monitored for internal management purposes, which is the operating segment level. Goodwill impairment is determined by assessing whether the carrying amount of the CGU or relevant group of CGUs exceeds the recoverable amount. Indefinite life intangible impairment is determined by assessing whether the carrying amount of the CGU to which those indefinite life intangible assets relate exceeds the recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") 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 post-tax discount rate and excludes any costs with respect to restructuring, employee severance and termination benefits.

Assets to be disposed of are presented separately in the consolidated balance sheet and reported at the lower of the carrying amount or FVLCS.

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, ClearStream 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 such 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.

j) Revenue recognition

(i) Maintenance and Construction Services

Maintenance and construction services revenue includes revenue from contracts entered into to provide maintenance and construction services to various industries, including energy, mining, agriculture, pulp and paper and petrochemical. Revenue from such contracts is recorded either using (i) the percentage of completion method or (ii) as services are performed and related costs and hours 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.

(ii) Wear, Fabrication & Transportation Services

Wear, fabrication and transportation services revenue includes sale of goods with respect to general and modular fabrication; custom fabrication services supporting pipeline and infrastructure projects; patented wear overlay technology services that specialized in overlay pipe spools, pipe bends and plate; and transportation and pipe logistics services to the drilling sector. Revenue from sale of goods and services is recognized when significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, and is measured at the fair value of the consideration received or receivable.

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 ClearStream and its subsidiaries.

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 ClearStream 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 ClearStream 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

Employees, directors and consultants of the Company may receive remuneration in the form of share-based payment transactions for services rendered. Share-based payments are recorded in the consolidated statement of net loss for options granted, with a corresponding amount reflected in contributed surplus. The fair value of stock-based payments is estimated, at the date of grant, using the Black-Scholes pricing model, and amortized over the options' vesting period using the graded vesting method.

n) Income (loss) per share

The income (loss) per share of ClearStream is computed by dividing ClearStream's income (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted income (loss) per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, using the treasury stock method.

o) Provisions

A provision is recognized if, as a result of a past event, ClearStream 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.

p) Assets Held for Sale and Discontinued Operations

Assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally 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 are measured at the lower of their carrying amount and FVLCD. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense. Assets or disposal groups meeting the definition of held for sale can be comprised of a separate line of business (e.g. Operating Partnership) or investments accounted for under the equity method. In the consolidated balance sheet for the current period, assets and liabilities meeting the definition of held for sale 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.

Those disposal groups that meet the definition of a component (i.e. represent a separate major line of business or geographical area of operations) are reclassified in the consolidated statement of loss for the current and comparative periods as discontinued operations. 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 loss. Investments accounted for under the equity method typically do not meet the definition of a component and therefore are not reclassified as discontinued operations.

q) 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.

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 net income as a bargain purchase gain.

r) 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) Depreciation and amortization

Measurement of the net book value of property, plant and equipment and intangible assets requires the Company to make estimates of the expected useful lives of the assets, method of depreciation and amortization and whether impairment in value has occurred. Residual values of the assets, estimates useful lives and depreciation and amortization methodology are reviewed annually with prospective application of any changes, if deemed appropriate. Changes to estimates and specifically those related to automotive and heavy equipment, which could be significant, could be caused by a variety of factors, including changes to the physical life of the assets or changes in the nature of the utilization of the assets. A change in any of the estimates would result in a change in the amount of depreciation or amortization and, as a result, a charge to net income recorded in the period in which the change occurs.

(ii) Revenue recognition – percentage of completion

The nature of certain of the Company's contracts with customers is such that revenue is earned over time as the related good is produced. In these instances, revenue is recognized as work is completed and this requires management to make a number of estimates and assumptions surrounding the expected profitability of the contract, the estimated degree of completion based on hours and costs incurred 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.

(iii) 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 inflows that are independent of cash flows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations. Factors considered in the classification include the integration between assets, the ability of management to allocate finite resources to complete future projects or contracts, and the way in which management monitors the operations. The recoverability of the Company's assets is assessed

at the CGU level and therefore the determination of a CGU could have a significant effect on impairment losses or reversals.

(iv) Income taxes

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carried forward tax losses can be utilized. Assessing the recoverability of deferred taxes requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted earnings before interest, depreciation and amortization ("EBITDA") and the application of existing tax laws.

The carrying amount of deferred tax assets is reviewed each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income taxes contain uncertainties because of the assumptions made about when deferred tax assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain.

(v) Provisions and contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. 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.

(vi) Impairment of non-financial assets

With respect to property, plant and equipment and definite life intangible assets, judgment is applied by management in assessing whether there are any indicators of impairment at each reporting date that would require a full impairment test to be performed. Impairment indicators include, but are not limited to, a significant decline in an asset's market value, significant adverse changes in the technological, market, economic or legal environment in which the assets are operated, evidence of obsolescence or physical damage of an asset, significant changes in the planned use of an asset, or ongoing under-performance of an asset. Application of these factors to the facts and circumstances of a particular asset requires a significant amount of judgment.

Should an impairment test be required, the determination of the magnitude of impairment involves the use of estimates, assumptions and judgments on highly uncertain matters particularly with respect to estimating the recoverable amount of a CGU or a group of CGUs. Such estimates,

assumption and judgments include, but are not limited to: the choice of discount rates that reflect appropriate asset-specific risks, timing of revenue and customer turnover, inflation factors for projected costs and the level of capital expenditures required in future periods to maintain operations.

(vii) Carrying amount of accounts receivable

Initially recorded at historical cost, the carrying amount of accounts receivable is affected by management's best estimate of the provision for doubtful accounts, which is considered on a case-by-case basis when accounts receivable are past due or when objective evidence is received that a customer will default. Management makes these assessments after taking into consideration the customer's payment history and credit worthiness as well as the current economic environment in which the customer operates.

(viii) Earn-out financial assets

At each reporting date, management assesses the likelihood that the conditions required for the Company to obtain earn-out financial assets will be achieved. These assessments are based on information made available to management by the acquirers of the disposed businesses as well as any publicly-available information. Management also determines an appropriate asset-specific discount rate to apply at each reporting date to reflect the risks inherent in the estimated cash flows. As a result, determining an estimate of the fair value of the earn-out financial assets requires a significant amount of judgment based on unobservable inputs and may result in significant changes in future periods.

(ix) Going concern

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities and comittments in the normal course of business within the foreseeable future. Management uses judgment to assess the Company's ability to continue as a going concern and the conditions that cast doubt upon the use of the going concern assumption (Note 1(b)).

s) 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, 2016 and have not been applied in preparing these annual consolidated financial statements. ClearStream's intention is to adopt the standards when they become effective.

The following is a brief summary of the new standards:

a. IFRS 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.

Management will complete a formal assessment of the impact of adoption of IFRS 9 on the Company commencing in Q2 2017.

b. IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* 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 is effective for annual periods beginning on or after January 1, 2018. Management will complete a formal assessment of the impact of adoption of IFRS 15 on the Company commencing in Q2 2017.

c.* IFRS 16 *Leases

IFRS 16 *Leases* provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company will complete an assessment of the impact of adoption of IFRS 16 following the completion of its assessments described above for IFRS 9 and IFRS 15.

2. Restricted cash

Restricted cash of $980 at December 31, 2016 (2015 - $4,380) 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.

3. Inventories

Inventories comprise the following:

	December 31, 2016	December 31, 2015
Raw materials	1,583	1,731
Work-in-progress	175	169
Finished goods	831	366
Parts and supplies	411	848
Total inventories	$ 3,000	$ 3,114

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 revenues is the cost of inventories of $15,348 (2015 - $21,162).

4. Earn-out assets

(a) Gusgo Transport LP ("Gusgo") earn-out

As a result of the sale of its 80% interest in Gusgo in March 2016 (Note 12), ClearStream is entitled to an earn-out of approximately $2,000 if a customer of Gusgo exercises its option to renew an existing contract at December 31, 2017 and 2018. The fair value of this earn-out at December 31, 2016 was calculated using a discounted cash flow model assuming that the contract will be renewed (based on historical experience) with the amount to be paid to ClearStream discounted at a rate of 17.5%.

Initial fair value of Gusgo earn-out upon disposition	$	1,340
Accretion (recorded as gain on sale of assets held for sale)		172
Fair value of Gusgo earn-out at December 31, 2016	$	1,512

Of the fair value of $1,512 at December 31, 2016, approximately $426 is recorded as current earn-out assets with the remaining $1,086 recorded as non-current. If the discount rate used to perform this calculation was 5% higher, the fair value of the Gusgo earn-out at December 31, 2016 would have been $105 lower.

(b) Quantum Murray LP and Titan Supply LP (collectively, "Quantum Murray") earn-out

As a result of the sale of the majority of the net assets of Quantum Murray in March 2016 (Note 12), ClearStream is entitled to an earn-out of approximately $6,200 if certain pre-determined free cash flow targets are achieved for the years ended March 31, 2017, 2018, and 2019. The fair value of this earn-out at December 31, 2016 was calculated using a discounted cash flow model assuming that the required free cash flow targets will be achieved. The free-cash flow forecast used to calculate the 2017 portion of the Quantum Murray earn-out is discounted at a rate of 6%, whereas the free cash flow forecasts used to calculate the 2018 and 2019 portion of the Quantum Murray earn-outs are discounted at a rate of 30%. The difference in the discount rates reflect the risks associated with the free cash flow forecast and the inherent uncertainty of forecasting future results for similar businesses.

Initial fair value of Quantum Murray earn-out upon disposition	$	4,240
Accretion		544
Change in estimates		(628)
Fair value of Quantum Murray earn-out at December 31, 2016	$	4,156

The change in estimates of $628 reflects the impact of changes in key observable inputs as a result of an updated free cash flow forecast received for the fourth quarter of 2016.

Of the fair value of $4,156 at December 31, 2016, approximately $1,182 is recorded as current earn-out assets with the remaining $2,970 recorded as non-current. If the discount rates used to perform this calculation were 5% higher, the fair value of the Quantum Murray earn-out at December 31, 2016 would be $224 lower.

5. 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, 2015	$ 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)
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
Additions	909	615	2	658	-	144	2,326
Disposals	(691)	-	-	(2,602)	(1,854)	-	(5,147)
Balance as December 31, 2016	$ 27,109	$ 15,413	$ 1,432	$ 26,664	$ 2,622	$ 8,680	$ 81,918
Accumulated Depreciation							
Balance at January 1, 2015	$ (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)
Depreciation for the year	(2,997)	(1,063)	(65)	(2,184)	(85)	(232)	(6,625)
Disposals	1,335	-	-	1,093	64	-	2,492
Reclassed as discontinued operations and held for sale	-	-	-	826	-	-	826
Balance at December 31, 2016	$ (15,777)	$ (8,504)	$ (1,119)	$ (22,342)	$ (1,151)	$ (8,281)	$ (57,173)
Net book value							
At December 31, 2015	$ 12,776	$ 7,357	$ 376	$ 6,531	$ 3,346	$ 487	$ 30,873
At December 31, 2016	$ 11,332	$ 6,909	$ 313	$ 4,322	$ 1,471	$ 399	$ 24,745

a) Collateral:

As at December 31, 2016, property, plant and equipment included $13,202 subject to a general security agreement under the Senior Secured Debentures and the Convertible Secured Debentures (December 31, 2015 - $19,985 under the senior credit facility).

b) Impairment:

At December 31, 2016, management concluded there were no indicators of impairment or impairment reversal with respect to its cash generating units containing property, plant and equipment.

At December 31, 2015, as a result of adverse economic effects arising from the lower commodity prices, the Company was required to perform an impairment test under IAS 36 *Impairment of Assets*. ClearStream recorded non-cash impairment of $3,220 and $2,354 related to the Transportation and Conventional CGUs, respectively. The impairment was calculated on a fair value less costs of disposal 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 recoverable amounts of the individual assets.

c) Disposals:

During the year ended December 31, 2016, the Company disposed of assets with a cost of $5,147 and accumulated depreciation of $2,492, for proceeds of $1,927, and recognized a net loss on sale of $728.

6. Goodwill and intangible assets

	Goodwill	Customer relationships	Computer software	Brands	Sales Orders	Management Contracts	Intangible Total
Cost							
Balance at January 1, 2015	$ 92,029	$ 131,740	$ 3,092	$ 16,474	$ 2,444	$ 2,000	$ 155,750
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	$ 92,029	$ 83,420	$ 2,515	$ 16,142	$ 1,105	$ -	$ 103,182
Additions	-	132	142	-	-	-	274
Balance at December 31, 2016	$ 92,029	$ 83,552	$ 2,657	$ 16,142	$ 1,105	$ -	$ 103,456
Amortization and impairments							
Balance at January 1, 2015	$ (30,903)	$ (97,156)	$ (2,254)	$ (13,390)	$ (2,444)	$ (2,000)	$ (117,244)
Amortization for the year	-	(5,509)	(142)	-	-	-	(5,651)
Impairment	(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)	$ (67,521)	$ (2,262)	$ (13,390)	$ (1,105)	$ -	$ (84,278)
Amortization for the year	-	(3,231)	(145)				(3,376)
Impairment	(8,700)			-	-	-	-
Balance at December 31, 2016	$ (69,743)	$ (70,752)	$ (2,407)	$ (13,390)	$ (1,105)	$ -	$ (87,654)
Net book value							
At December 31, 2015	$ 30,986	$ 15,899	$ 253	$ 2,752	$ -	$ -	$ 18,904
At December 31, 2016	$ 22,286	$ 12,800	$ 250	$ 2,752	$ -	$ -	$ 15,802

ClearStream has five CGUs, two of which have intangible assets with an indefinite life. Goodwill is monitored by management at the operating segment level. The carrying amounts of goodwill and the indefinite life intangible assets at December 31, 2016 are identified separately in the table below. As a result of the change in ClearStream's operating segments in March 2016 (refer to Note 25), ClearStream reallocated goodwill using the relative fair value approach for the revised operating segments.

Operating Partner	**Indefinite life intangibles**	**Goodwill**
ClearStream		
Wear	1,574	-
Transportation	-	-
Fabrication	-	-
Wear, Fabrication and Transportation	1,574	4,562
Oilsands	1,178	-
Conventional	-	-
Maintenance and Construction Services	1,178	17,724
Total	$ 2,752	$ 22,286

(a) Definite life intangible assets

At December 31, 2016, management concluded there were no indicators of impairment or impairment reversal with respect to its cash generating units containing definite life intangible assets.

At December 31, 2015, as a result of adverse economic effects arising from the lower commodity prices, the Company was required to perform an impairment test under IAS 36 *Impairment of Assets*. ClearStream recorded non-cash impairment of $1,226 and $10,361 related to the Transportation and Conventional CGUs, respectively. The impairment was calculated primarily on a value-in-use basis. The inputs used to perform the value-in-use analysis are the same inputs that were used for ClearStream's annual impairment test for goodwill and intangibles with an indefinite life. Please refer to Note 6(b) for more details.

(b) Goodwill and indefinite life intangible assets

ClearStream performed impairment tests as at March 31, 2016 as a result of identifying indicators of impairment across all operating segments and CGUs. This resulted in goodwill impairment of approximately $8,700 within the Wear, Fabrication and Transportation segment. The recoverable value for the Wear, Fabrication and Transportation group of CGUs is $34,131. ClearStream also performed its annual impairment test over goodwill and indefinite life intangible assets as at December 31, 2016, which did not result in any additional impairment. The valuation techniques, significant assumptions and sensitivities applied in the goodwill and indefinite life intangible asset impairment tests are described below:

Valuation technique

The recoverable amounts of ClearStream's operating segments and CGUs were calculated based on fair value less costs of disposal. The fair value less costs of disposal for all CGUs was determined through a discounted cash flow ("DCF") approach other than for Transportation, where the fair value less costs of disposal was determined based on fixed asset appraisals and auction results for certain types of equipment.

The DCF method 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 and Capital Expenditures

Projected EBITDA and capital expenditures are based on ClearStream'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 annual budget is developed during the fourth quarter of the previous year and is approved by the Board of Directors. The budget is also updated quarterly by senior management and these updates are used to assess impairment during the year, if necessary. The anticipated future cash flows are updated to reflect any subsequent changes in demand for products and services.

Growth rate and terminal value

As described above, ClearStream used projected EBITDA and capital expenditures for the following year 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, ClearStream considered past experience, inflation as well as industry and market trends.

Discount rate

ClearStream assumed a post-tax discount rate of 11%-15% 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.

Management has considered reasonably possible changes in assumptions for the recoverable amounts of its operating segments and CGUs. In all of these scenarios, with the exception of those discussed above, the recoverable amount was greater than the carrying amount, providing evidence that there is no further impairment.

7. Asset-based lending facility ("ABL Facility")

On March 23, 2016, ClearStream Energy Holdings LP, a subisidary of ClearStream, entered into an ABL Facility agreement. The ABL Facility is a revolving facility providing for maximum borrowings of up to $60,000 and carries a term of three years. 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 of ClearStream. At December 31, 2016, the available borrowing base was $10,396. 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 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, financial reporting, and events of default as are customary in facilities 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.

The Company incurred $1,727 in deferred financing fees associated with the ABL Facility. These costs are being amortized over the term of the ABL Facility and as at December 31, 2016, the net unamortized amount of deferred financing fees was $1,295.

As at December 31, 2016, ClearStream was in compliance with its financial covenants under the ABL Facility. The financial covenants applicable under the ABL Facility are as follows:

- ClearStream must meet minimum monthly EBITDA targets from November 2016 to April 2017, inclusive, where EBITDA is defined as net earnings, before depreciation and amortization, interest expense and income tax expense;
- Beginning on May 1, 2017, ClearStream must maintain a Fixed Charge Coverage Ratio of not less than 1.0:1.0 for each cumulative period ending on the last day of each month until March 31, 2018;
- ClearStream must maintain a Fixed Charge Coverage Ratio of 1.1:1.0 for each twelve month period ending on and after April 30, 2018;

- ClearStream must not expend or become obligated for any capital expenditures in an aggregate amount exceeding $6,500 during any fiscal year.

The Fixed Charge Coverage Ratio is defined as follows:

- EBITDA less cash taxes paid, dividends paid and capital expenditures,
  divided by:
- Debt servicing costs, which is the interest paid or payable on all debt balances for the relevant period (not including the amortization of deferred financing costs and accretion)

8. Senior secured debentures

(a) Senior secured debentures due 2026

On March 23, 2016, the Company issued an aggregate of $176,228 principal amount of senior secured debentures to Canso Investment Counsel Ltd. ("Canso") on a private placement basis. The net proceeds of this issuance were used to completely repay the principal amount outstanding under the previous senior secured debentures (due 2016). Canso is also a shareholder of the Company at December 31, 2016.

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 and have a maturity date of March 23, 2026. The senior secured debentures are redeemable at the option of the Company and, in certain circumstances, are mandatorily redeemable. They 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 (refer to Note 7). The senior secured debentures provide for certain events of default and covenants of the Company which are customary for debentures 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).

The Company incurred $4,821 in deferred financing fees associated with the Senior Secured Debentures. The principal balance is recorded net of these costs and will be accreted using the effective interest method over the term of Senior Secured Debentures.

	As at December 31, 2016
Principal balance of senior secured debentures	$ 176,288
Deferred financing fees, net of accumulated amortization	$ (4,646)
Senior secured debentures, net	$ 171,642

(b) 8.00% Senior Secured Debentures due 2016

The Company had previously issued senior secured debentures in an aggregate principal amount of $176,228 pursuant to a secured trust indenture dated as of March 23, 2011. The Company called for redemption of these senior secured debentures on March 21, 2016 and they were repaid in full (outstanding principal and accrued interest) on March 23, 2016. The balance at December 31, 2015 was the aggregate principal amount, less $1,917 which was expensed in 2016.

9. Convertible secured debentures

On March 23, 2016, the Company issued an aggregate of $25,000 principal amount of convertible secured debentures to Canso on a private placement basis and an additional $10,000 principal amount of convertible secured debentures pursuant to a 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 convertible secured 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:

- $1,969,000 aggregate principal amount of convertible secured debentures upon the exercise of the basic subscription privilege; and
- $8,030,400 aggregate principal amount of convertible secured debentures issued to over-subscribing purchasers on a pro-rata basis, pursuant to the additional subscription privilege.

The net proceeds of this issuance, together with the proceeds of asset sales (refer to Note 12), 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 and have a maturity date of March 23, 2026. 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 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 also convertible into common shares of the Company at an initial conversion price of $0.35 per common share (subject to adjustment in certain circumstances). They 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 (refer to Note 7). The security granted in connection with the convertible secured debentures is subordinate 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 debentures of this nature and are substantially similar to the events of default and covenants provided in respect of the senior secured debentures.

As a result of the conversion option described above, the Company was required to separate the liability and equity components of these convertible secured debentures using the residual value method. Under this

method, the value of the equity component of $8,133 was determined by deducting the fair value of the liability component from the principal amount of the convertible secured debentures. The fair value of the liability component of $26,867 was computed as the present value of future principal and interest payments discounted at a rate of 15% per annum.

The Company incurred $3,708 in deferred financing fees associated with the convertible secured debentures. The principal balance is recorded net of these costs and will be accreted using the effective interest method over the term of Convertible Secured Debentures. Debenture issue costs of $854 were allocated to the equity component.

		For the year ended December 31, 2016
Opening liability component of convertible secured debentures	$	24,024
Accretion	$	373
Closing liability component of convertible secured debentures	$	24,397

10. Senior credit facility

Advances outstanding under the senior credit facility 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. The balance of deferred financing fees related to the senior credit facility was $253 at December 31, 2015.

During 2016, the Company completely and permanently repaid all indebtedness outstanding under the senior credit agreement through a combination of proceeds from asset sales (refer to Note 12), proceeds from the issuance of convertible debentures and cash on hand.

11. Obligations under finance leases

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

		December 31, 2016		December 31, 2015
2016		-		5,247
2017		4,165		3,751
2018		1,866		2,062
2019		853		713
2020		212		270
2021		131		-
Total minimum lease payments		7,227		12,043
Less amount representing interest (at rates ranging from 4% to 15%)		410		1,011
Present value of net minimum finance lease payments		6,817		11,032
Less current portion of obligations under finance leases		3,902		4,685
Long-term portion of obligation under finance leases	$	2,915	$	6,347

Interest of $567 for the year ended December 31, 2016 (2015 - $817) relating to finance lease obligations has been included in interest expense.

12. Assets held for sale and discontinued operations

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).

On July 31, 2015 the Company sold its 80% interest in IC Group for proceeds of $2,500. 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 and it was determined that the earn-out conditions would not be met. As such, management determined the purchase price of this transaction to be approximately $2,500. 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 March 23, 2016, ClearStream sold the majority of the assets of Quantum Murray LP ("Quantum Murray") and Titan Supply LP ("Titan") for cash proceeds of $8,800 and assumption of debt of approximately $3,000, (as well as the earn-out financial asset as described in Note 4). The sale of Titan's assets resulted in an accounting gain of approximately $327, recorded as a gain on sale of assets held for sale. The sale of Quantum Murray's assets resulted in an accounting loss of approximately $4,432, recorded as a loss from discontinued operations.

On March 7, 2016, ClearStream sold its 80% interest in Gusgo as well as certain other related subsidiaries for cash proceeds of $4,000, with an additional $2,000 which was received on May 31, 2016 (as well as the earn-out financial asset as described in Note 4). The sale of Gusgo resulted in an accounting gain of approximately $540, recorded as a gain on sale of assets held for sale.

The following table shows the revenue and loss from discontinued operations included in the Corporate operating segment for the years ended December 31, 2016 and 2015:

For the year ended December 31,	2016	2015
Revenue	29,179	144,173
Expenses	(30,700)	(181,913)
Loss before taxes	(1,521)	(37,740)
Impairment loss recognized on the remeasurement of net assets to FVLCS	-	(15,842)
Loss on sale of discontinued operations	(6,287)	(3,350)
Loss from equity investments	-	(221)
Provision for Brompton claim (note 13)	(4,985)	-
Income tax (expense) recovery - deferred	-	(3,298)
Net loss from discontinued operations	$ (12,793)	$ (60,451)

The major classes of assets and liabilities of Quantum Murray and Titan at December 31, 2015 that were classified as discontinued operations and held for sale were as follows:

As at December 31,	2015
Assets	
Accounts receivable	34,448
Inventory	13,777
Prepaids & Other Assets	2,302
Long-term investments	3,783
	54,310
Liabilities	
Accounts payable & accrued liabilities	32,119
Deferred Revenue	4,645
Capital lease obligation	2,872
Other liabilities	3,001
	42,637
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 year ended December 31,	2015
Operating	1,482
Investing	(732)
Financing	(617)
Net cash (outflow) / inflow	133

Upon reclassification of Quantum Murray and Titan as assets held for sale at December 31, 2015, the fair value less costs of disposal of the net assets being disposed was lower than the carrying amount. 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.

13. Commitments and contingencies

(a) Commitments

ClearStream is committed to payments under operating leases for equipment, office premises and land through 2029 in total of approximately $59,776. 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, 2016	December 31, 2015
2016	-	12,454
2017	11,409	10,921
2018	9,534	8,531
2019	8,323	5,773
2020	4,391	4,351
2021	3,735	3,786
Thereafter	22,385	21,908
Total commitments under operating leases	$ 59,776	$ 67,724
Last year of commitment	2029	2029

(b) Contingencies

In March 2015, the Company was advised by Brompton Corp. ("Brompton") that Brompton had received notices of reassessment from the Canada Revenue Agency (the "CRA") in which the CRA 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. Tuckamore Holdings LP, a wholly-owned subsidiary of the Company, previously held approximately 40% of the outstanding equity of Brompton. The Company sold its investment in Brompton in September 2011, at which time the financial results of Brompton were reclassified as discontinued operations.

On June 12, 2015, Brompton served the Company 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, the Company served its Statement of Defence denying Brompton's allegations and relying on, among other things, a corresponding warranty and indemnity provided by Brompton to ClearStream. Brompton brought a motion for summary judgment, which was heard in August and September 2016. In February 2017, the court granted judgment in

favour of Brompton, ruling that the Company is required to indemnify Brompton. The Company has appealed the decision to the Court of Appeals. Pending the outcome of the appeal, enforcement of any order and costs pursuant to the motion for judgment will be stayed. The Company has accrued for the estimated potential liability with respect to this matter as at December 31, 2016 with the corresponding loss recorded in discontinued operations. The estimated liability at December 31, 2016 is $4,985, which includes taxes, interest, legal fees and costs for appeal.

14. Revenue

The following are amounts for each significant category of revenue recognized during the years ended December 31, 2016 and December 31, 2015:

For the year ended December 31,		2016		2015
Rendering of services	$	222,107	$	255,843
Sales of goods		48,554		160,279
Total revenue	$	270,661	$	416,122

15. Selling, general & administrative expenses

For the year ended December 31,		2016		2015
				Restated (Note 27)
Salaries & benefits	$	7,620	$	8,260
Occupancy costs		1,326		1,691
Consulting		1,264		1,283
Travel		1,401		1,920
Repairs & maintenance		662		1,080
Office expenses		1,035		1,444
Audit & accounting		677		1,195
Other		3,397		5,488
	$	17,382	$	22,362

16. Interest expense

ClearStream has recorded interest expense in relation to the following:

For the year ended December 31,		2016		2015
Interest expense on senior credit facility (note 10)	$	436	$	1,983
Interest expense on 8.00% secured debentures (note 8)		3,167		14,098
Interest expense on senior secured debentures (note 8)		10,931		-
Interest expense on convertible secured debentures (note 9)		2,699		-
Interest expense on ABL facility (note 7)		304		-
Interest expense on finance leases (note 11)		567		817
Interest expense - other		197		27
Deferred financing costs amortized (note 7)		432		558
Accretion expense related to debentures (notes 8 and 9)		2,526		7,465
Interest expense	$	21,259	$	24,948

17. Income taxes

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

For the year ended December 31,		2016		2015
Loss from continuing operations before tax		(32,916)		(69,252)
Tax rate		26.95%		26.10%
Income tax recovery at statutory rates	$	(8,871)	$	(18,075)
Permanent differences		2,082		8,058
Change in tax rates on temporary differences		42		(653)
Deferred tax asset not recognized		5,989		5,467
Other adjustments related to disposals		779		387
Income tax expense (recovery)	$	21	$	(4,816)

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

December 31		2016		2015
Fixed assets	$	(1,554)	$	(1,393)
Intangible assets		12,003		14,000
Debentures		(5,189)		(1,918)
Net operating losses		104,672		54,174
Other		4,620		1,080
Total temporary differences not recognized	$	114,553	$	65,943

Net operating losses of $104,672 will begin to expire in 2034.

ClearStream has approximately $140,909 of capital losses that have not been recognized in the consolidated financial statements as at December 31, 2016 (2015 - $132,693). There is no expiry of capital losses.

18. Share capital and loss per share

The authorized share capital of the Company consists of: (i) an unlimited number of common shares with no par value and (ii) preferred shares (with no par value) 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, 2016 and 2015, there were 109,941,241 shares issued and outstanding and no preferred shares issued and outstanding.

The only potentially dilutive securities as at December 31, 2016 were the convertible secured decentures (2015 – shares issuable under stock options). As a result of the net losses incurred in all periods presented, all potentially dilutive securities were anti-dilutive.

19. Restructuring costs

During the year ended December 31, 2016, the Company incurred restructuring costs of $1,471 (2015 - $7,454). These are costs that were 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 its Toronto head office. A majority of these costs are related to severance as a result of headcount reductions and location closures.

20. Stock-based compensation

On November 30, 2009 the shareholders of ClearStream approved an Incentive Option Plan ("IOP"). Pursuant to the IOP, 7,050,000 shares were listed and reserved for issuance upon the exercise of the stock options granted. 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. 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 50% vest on March 25, 2013	5 years
MIP	March 25, 2011	7,150,000	$0.358	50% vest on March 25, 2012 50% vest on March 25, 2013	5 years
Total options granted		14,200,000			

The changes in outstanding options under both the IOP and MIP plans are detailed below:

	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	13,300,000
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
Expired during 2016				(150,000)	(150,000)
Exercisable at December 31, 2016		-		-	-

No new stock options were granted during the years ended December 31, 2016 or December 31, 2015 and there were no options outstanding at December 31, 2016.

Subsequent to December 31, 2016, the Company issued 6,560 stock options under the IOP to senior management at an exercise price of $0.28 per share. In addition, subsequent to December 31, 2016, the Board of Directors approved a Performance Share Unit ("PSU") and Restricted Share Unit ("RSU") Plan. 4,070 PSUs and 5,510 RSUs were issued to senior management under the terms of the plan. The RSUs must be settled in cash and the PSUs can be settled in cash or common shares at the discretion of the Board of Directors.

21. Related party disclosures

a) Other related party transactions

Income from equity investments includes $191 of rent expense paid to a company owned by the minority shareholder of Gusgo for the year ended December 31, 2016 (2015 - $836). Interest charged to joint venture operating partners on advances was $59 (2015 - $229). Two operating leases for property, with annual rents of $312 and $400 are with a landlord in which certain executives of ClearStream hold an indirect minority interest (2015 - $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.

b) Compensation for key management personnel

ClearStream's key management personnel are comprised of officers and directors. Prior to the disposition of previous Operating Partnerships that was completed in March 2016, key management personnel also included officers and Vice Presidents at each Operating Partnership. The remuneration for these key management personnel during the years ended December 31, 2016 and December 31, 2015 are as follows:

For the year ended December 31,	2016	2015
Short-term employment benefits	$ 3,808	$ 6,512
Termination benefits	1,503	3,530
Total compensation	$ 5,311	$ 10,042

22. Financial instruments and risk management

Financial instruments consist of cash, restricted cash, accounts receivable, earn-out financial assets, accounts payable, ABL Facility, Senior Secured Debentures and Convertible Secured Debentures.

a) Fair values of financial assets and liabilities

The fair value of the earn-out financial assets is determined using Level 3 inputs, including an estimate of future financial performance of previously owned Operating Partnerships and an estimate of the likelihood of achieving earn-out conditions.

The fair value of the ABL Facility approximates its carrying amount, excluding the effect of deferred financing fees, due to its nature as a revolving facility subject to variable interest rates. The fair value of the Convertible Secured Debentures at December 31, 2016 was $32,500 based on the closing price of the Convertible Secured Debentures on the Toronto Stock Exchange (a Level 1 input).

b) Risk management

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

(i) Credit risk

Credit risk is the risk of financial loss to ClearStream if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from ClearStream's accounts receivable. The following table outlines ClearStream's maximum exposure to credit risk at December 31, 2016:

Cash	$ 11,503
Restricted cash	980
Accounts receivable	46,928
Earn-out assets	5,664
Total	$ 65,075

Cash and restricted cash are held at Canadian Schedule A Banks and therefore are considered low credit risk.

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

Of the total balance of accounts receivable at December 31, 2016, approximately $31,072 related to trade receivables and $15,856 related to accrued revenue (i.e. for work performed but not yet invoiced).

Trade receivables are non-interest bearing and generally due on 30-90 day terms. As at December 31, 2016, approximately $5,620 of ClearStream's trade receivables had been outstanding longer than 90 days (2015 - $6,478). Management has fully evaluated the outstanding balance of trade receivables and believes that it is collectable based on settlement agreements or ongoing discussions with counterparties.

Earn-out financial assets will be payable to ClearStream by two counterparties if specified conditions are met through 2017 to 2019. Although the two counterparties are private entities, ClearStream continues to evaluate the potential for credit risk based on publicly available information and through ongoing discussions with the management of those entities.

(ii) Customer concentration risk

Revenues of ClearStream are concentrated, with its top three customers representing 61.1% of consolidated revenue (2015 – 54.7%) and 60.4% of the consolidated accounts receivable for ClearStream (2015 – 32.1%). More specifically, ClearStream's largest customer within the Maintenance & Construction operating segment accounted for 43.5% or $118,548 of ClearStream's consolidated revenue for the year ended December 31, 2016 (2015 – 32.2% or $133,786).

(iii) Liquidity risk

Liquidity risk is the risk that ClearStream will not be able to meet its financial obligations as they come due. ClearStream'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.

All of ClearStream's financial liabilities are current with the exception of its ABL Facility which matures in 2019 and its senior secured debentures and convertible secured debentures, which are both due in March 2026.

ClearStream's strategy is that long-term debt should always form part of its capital structure, assuming an appropriate cost. As existing debt approaches maturity, ClearStream 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.

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

23. Changes in non-cash working capital

	2016	2015
Accounts receivable	$ 29,161	$ 36,218
Inventories	114	1,349
Prepaid expenses	411	94
Other current assets	-	563
Accounts payable and accrued liabilities	(5,284)	(8,013)
Deferred revenue	167	(510)
Total changes in non-cash balances	$ 24,569	$ 29,701

24. Long-term Investments

At December 31, 2016, ClearStream held a 50% interest in a joint venture. At December 31, 2015, Tuckamore held an 80% interest in Gusgo, a 92% interest in Titan and a nominal interest in other joint arrnagements and associates, from contuing operations. The summarized financial information for ClearStream's joint arrangements and associates, from continuing operations, at 100% is as follows:

As at December 31,		2016		2015
Current assets	$	1,201	$	4,030
Property, plant and equipment	$	4	$	968
Goodwill and intangibles		-		4,628
Other assets		-		1,843
Total Assets	$	1,205	$	11,469
Current liabilities	$	47	$	1,324
Total Liabilities	$	47	$	1,324
Total Equity	$	1,158	$	10,145
Attributable to:				
ClearStream		579		8,000
Joint arrangement / associate partners	$	579	$	2,145

For the year ended December 31,		2016		2015
Revenues	$	11,882	$	46,871
Expenses		11,882		46,707
Net income	$	(0)	$	164
Attributable to:				
ClearStream	$	(169)	$	(508)
Joint arrangement / associate partners	$	169	$	672

For the year ended December 31,		2016		2015
Cash flows provided by operating activities	$	93	$	3,551
Cash flows used in financing activities		-		(2,429)
Cash flows used in investing activities		-		(338)
Net increase in cash	$	93	$	784

25. Segmented Information

During 2016, as a result of the sale of ClearStream's interest in Gusgo as well as substantially all of the net assets of Quantum Murray and Titan, there was a change in the Company's operating segments. The operating segments discussed below represent the segments that ClearStream's chief operating decision maker considers when reviewing the performance of the Company and in determining where to allocate resources. The comparative 2015 results were restated to conform to the current period presentation.

As at December 31, 2016, ClearStream has three operating segments, each of which has separate operational management and management reporting information. All or substantially all of ClearStream's operations, assets and employees are located in Canada.

The Maintenance and Construction segment is a fully integrated provider of maintenance and construction services to the energy industry. This division provides maintenance services, welding, fabrication, machining, construction, turnaround services and a resource/labour supply to companies in the conventional oil and gas and oil sands markets.

The Wear, Fabrication and Transportation segment specializes in the supply, fabrication and transportation of overlay pipe spools, pipe bends, wear plate, welding services, custom fabrication, pipe management and storage services.

The Corporate division provides typical head office functions including strategic planning, corporate communications, taxes, legal, marketing, finance, financing (including interest expense), human resources and information technology for the entire organization. The eliminations column represents adjustments required to reconcile ClearStream's segmented reporting, to the loss from continuing operations. This column represents interdivisional eliminations and adjustments required to account for joint ventures as equity investments. Any assets held for sale in continuing operations for the first half of 2016 and for the comparative period have been recorded in the Corporate segment.

ClearStream accounts for intersegment sales based on the transaction price. Eliminations in the table below represent the elimination of these intersegment sales.

Year Ended December 31, 2016	Maintenance and Construction Services	Wear, Fabrication & Transportation	Corporate	Eliminations	Total
Revenue	$ 224,875	$ 49,349	$ -	$ (3,563)	$ 270,661
Cost of revenue	(206,792)	(42,154)	-	3,196	(245,750)
Gross profit	18,083	7,195	-	(367)	24,911
Selling, general and administrative expenses	(2,103)	(621)	(14,840)	182	(17,382)
Amortization of intangible assets	(185)	(289)	(2,902)	-	(3,376)
Depreciation	(3,143)	(2,888)	(595)	1	(6,625)
Income from equity investment	-	-	(291)	122	(169)
Interest expense	(304)	(280)	(20,676)	1	(21,259)
Gain on sale from assets held for sale	-	-	1,260	-	1,260
Restructuring costs	-	-	(1,471)	-	(1,471)
Write-down of property, plant and equipment	-	-	-	-	-
Write-down of goodwill and intangible assets	-	-	(8,700)	-	(8,700)
Other income	-	-	623	-	623
Gain (loss) on sale of property, plant and equipment	462	151	(1,341)	-	(728)
Income (loss) before taxes	$ 12,810	$ 3,268	$ (48,933)	$ (61)	$ (32,916)
Income tax recovery (expense) - current	(59)	-	(21)	59	(21)
Income tax recovery (expense) - deferred	-	-	-	-	-
Income (loss) from continuing operations	12,751	3,268	(48,954)	(2)	(32,937)

Year Ended December 31, 2015	Maintenance and Construction Services	Wear, Fabrication & Transportation	Corporate	Eliminations	Total
Revenue	$ 320,202	$ 101,691	$ -	$ (5,771)	$ 416,122
Cost of revenue (restated - note 27)	(289,837)	(77,802)	-	5,210	(362,429)
Gross profit	30,365	23,889	-	(561)	53,693
Selling, general and administrative expenses (restated - note 27)	(3,949)	(1,131)	(17,363)	81	(22,362)
Amortization of intangible assets	(185)	(349)	(5,117)	-	(5,651)
Depreciation	(4,085)	(3,465)	(1,105)	(27)	(8,681)
Income from equity investment	-	-	-	(508)	(508)
Interest expense	(461)	(434)	(24,054)	1	(24,948)
Loss on sale from assets held for sale	-	-	(6,379)	-	(6,379)
Restructuring costs	-	-	(7,454)	-	(7,454)
Write-down of property, plant and equipment	(1,383)	(220)	(3,971)	-	(5,574)
Write-down of goodwill and intangible assets	(1,755)	(300)	(39,672)	-	(41,727)
Gain on sale of property, plant and equipment	284	56	-	-	340
Income (loss) before taxes	$ 18,831	$ 18,045	$ (105,114)	$ (1,014)	$ (69,252)
Income tax recovery (expense) - current	(89)	-	2,050	89	2,050
Income tax recovery (expense) - deferred	-	-	2,766	-	2,766
Income (loss) from continuing operations	18,742	18,045	(100,298)	(925)	(64,436)

26. Capital management

ClearStream's capital structure is comprised of shareholders' equity and short and long-term debt. ClearStream's objectives when managing capital are to support its ability to continue as a going concern in oder to provide optimal returns for shareholders. Maintaining liquidity, managing financial risks and optimizing the cost of capital are key factors that set the framework for ClearStream capital management stratety.

ClearStream is not subject to any externally imposed capital requirements other than standard and restrictive financial covenants on its ABL facility, senior secured debentures, and convertible secured debentures.

27. Comparative figures

Certain expenses previously classified as selling, general and administrative have been reclassified to cost of revenues. For the year ended December 31, 2015, $29,562 of costs previously in selling, general and administrative expenses, were reclassified to cost of revenues. This change enhances the comparability of the Company's financial results with that of its competitors and more accurately reflects the function of the relevant expenses.