

Tuckamore Capital Management Inc.



ANNUAL INFORMATION FORM
(for the year ended December 31, 2015)

March 28, 2016

TABLE OF CONTENTS

1. CORPORATE STRUCTURE	4
1.1 Name, Address and Incorporation	4
1.2 Intercorporate Relationships.....	4
2. GENERAL DEVELOPMENT OF THE BUSINESS	5
2.1 Business Overview	5
2.2 Recent Developments.....	5
2.3 Significant Acquisitions	10
2.4 Significant Dispositions.....	10
2.5 Strategy	10
3. DESCRIPTION OF THE BUSINESS.....	10
3.1 Business Overview	10
3.2 Products and Services	11
3.3 Customers	12
3.4 Industry Trends	12
3.5 Competition	12
4. RISK FACTORS.....	12
4.1 Risks Relating to the Company and ClearStream.....	12
4.2 Risks Relating to the Company’s Corporate Structure	17
4.3 Risks Relating to Common Shares of the Company.....	18
4.4 Risks Relating to the Senior Secured Debentures and the Convertible Secured Debentures ...	18
5. DIVIDENDS.....	20
6. CAPITALIZATION OF THE COMPANY	20
6.1 Equity	20
6.2 Senior Secured Debentures	21
6.3 Convertible Secured Debentures	21
6.4 Prior Sales	21
7. MARKET FOR SECURITIES.....	21
7.1 Common Shares	21
7.2 2011 Secured Debentures.....	22
8. DIRECTORS AND OFFICERS	22
8.1 Directors and Officers.....	22
8.2 Audit Committee and Audit Fees	23
8.3 Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions	25
8.4 Conflicts of Interest.....	26
9. LEGAL PROCEEDINGS	26
10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	26
11. TRANSFER AGENT, REGISTRAR AND TRUSTEE	27
12. MATERIAL CONTRACTS	27
13. INTEREST OF EXPERTS	27
14. ADDITIONAL INFORMATION.....	27

Forward-looking information

This annual information form (the "AIF") contains certain forward-looking information. Certain information included in this AIF may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future plans or prospects of the Company or the Operating Partnership (as defined herein) and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Company and the Operating Partnership. Without limitation, information regarding the future operating results and economic performance of the Company and the Operating Partnership constitute forward-looking information. Such forward-looking information reflects management's current beliefs and is based on information currently available to management of the Company and the Operating Partnership. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including risks related to investments, conditions of capital markets, economic conditions, commodity prices, dependence on key personnel, limited customer bases, interest rates, regulatory change, ability to meet working capital requirements and capital expenditure needs of the Operating Partners, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. In addition, in evaluating this information, investors should specifically consider various factors, including the risks outlined under "Risk Factors", which may cause actual events or results to differ materially from any forward-looking statement. In formulating forward-looking information herein, management has assumed that business and economic conditions affecting the Company and the Operating Partnership will continue substantially in the ordinary course, including without limitation with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of the Company and the Operating Partnership consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect. This forward-looking information is made as of the date of this AIF, and the Company does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Readers are cautioned that this information may not be appropriate for any other purpose.

Market Data and Forecasts

Market data and certain forecasts used throughout this AIF were obtained from internal surveys, market research, publicly available information and independent industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and the completeness of such information is not guaranteed and neither the Company nor any other person makes any representation as to the accuracy of such representation. Similarly, internal surveys, forecasts, market research and publicly available information, while believed to be reliable, have not been independently verified from third party sources and neither the Company nor any other person makes any representation as to the accuracy of such information.

Reporting Currency

In this AIF, unless otherwise stated, dollar amounts are reported in Canadian dollars.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

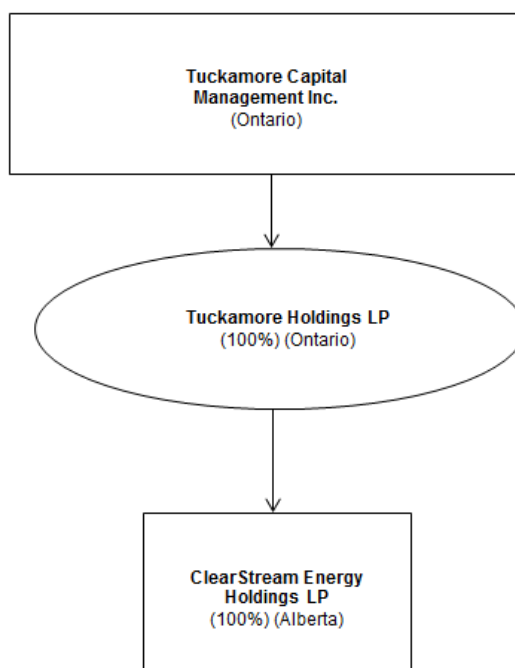
Tuckamore Capital Management Inc. (the “**Company**” or “**Tuckamore**”) was previously an unincorporated open-ended trust operating under the name of Newport Partners Income Fund (the “**Fund**”), established and existing under the laws of the Province of Ontario pursuant to a declaration of trust dated May 13, 2005, as amended and restated on each of June 22, 2005 and August 8, 2005, and as further amended by an amending agreement dated March 21, 2007. At a special meeting of unitholders of the Fund (the “**Unitholders**”) held on March 25, 2011, a special resolution was passed approving the conversion of the Fund to a corporation pursuant to a plan of arrangement (the “**Conversion Arrangement**”) under the *Business Corporations Act* (Ontario).

The Conversion Arrangement resulted in the reorganization of the Fund’s income trust structure into a corporation named “Newport Inc.”. Effective April 1, 2011, Unitholders automatically received one common share of Newport Inc. (a “Share”) in exchange for each unit of the Fund. On June 30, 2011, pursuant to a special resolution of the shareholders of the Company, the name of the corporation was changed from “Newport Inc.” to “Tuckamore Capital Management Inc.”. The head and registered office of the Company is located at the Exchange Tower, 130 King Street West, Suite 2950, Toronto, Ontario M5X 1B1.

References to the Fund throughout this AIF refer to the Company prior to the completion of the Conversion Arrangement.

1.2 Intercorporate Relationships

The Company beneficially owns all of the outstanding units of Tuckamore Holdings LP and all of the outstanding shares of Tuckamore GP Inc., the sole trustee of Tuckamore GP Trust, the general partner of Tuckamore Holdings LP. Tuckamore Holdings LP holds 100% of the interest in ClearStream Energy Holdings LP. The corporate structure of the Company and its material subsidiaries as of the date of this AIF as follows:



2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Business Overview

The Company beneficially owns all of the outstanding units of Tuckamore Holdings LP and all of the outstanding shares of Tuckamore GP Inc., the sole trustee of Tuckamore GP Trust, the general partner of Tuckamore Holdings LP. As of the date hereof, the Company's primary asset is ClearStream Energy Holdings LP ("**ClearStream**" or the "**Operating Partnership**") and its direct and indirect subsidiaries. ClearStream is a fully integrated provider of upstream, midstream and downstream production services to the energy industry in Western Canada. It provides oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and the Canadian oilsands. The operations of ClearStream are discussed in further detail beginning on page 10 of this AIF along with the risks associated with this business beginning on page 12 of this AIF.

The Company has, over the last several years, sold its interest in certain former operating partnerships that were operating in the three reportable segments: marketing, industrial services, and other. In connection with the Refinancing Transactions (as defined below), the Company completed further sales of certain assets. See section 2.2 – Recent Developments below for a full description of the significant dispositions completed by the Company in the financial year ending December 31, 2015 and in connection with the Refinancing Transactions.

2.2 Recent Developments

2.2.1 The Refinancing Transactions

A. Background to the Refinancing Transactions

Since the completion of the Conversion Arrangement, the board of directors of the Company (the "**Board**") and management of the Company have regularly considered, investigated and evaluated opportunities that could enhance shareholder value. These opportunities have included the consideration of potential transactions with various strategic partners as well as with other interested parties. The Board also regularly reviews and considers market conditions, including factors that affect the business, operations, financial condition and affairs of the Company and its subsidiaries. More specifically, in order to manage the Company through increasingly difficult market conditions in 2015, the Board has considered various alternatives in the pursuit of financing solutions to repay the secured debentures of the Company due March 23, 2016 in the aggregate principal amount of \$176,228,000 (the "**2011 Secured Debentures**"), which were issued pursuant to the secured trust indenture dated as of March 23, 2011, as amended by a first supplemental indenture dated as of March 31, 2011 and a second supplemental indenture dated as of June 29, 2011, between the Fund (as predecessor to Tuckamore), as issuer, and BNY Trust Company of Canada, as debenture trustee (the "**2011 Secured Indenture**") as well as the Company's third amended and restated credit agreement dated as of March 9, 2012 (as amended, the "**Credit Agreement**").

To assist the Company, and in light of the impending debt repayment obligations of the Company in connection with the Credit Agreement and the 2011 Secured Debentures, in 2014, the Board asked Canaccord Genuity Corp. ("**Canaccord**"), as part of its continuing engagement as financial advisor to the Company, to investigate, develop and pursue potential opportunities for debt and equity financing sufficient to enable the Company to meet its repayment obligations.

In December 2014, Canaccord, along with management of the Company, met with representatives of Canso Investment Counsel Ltd. ("**Canso**") and engaged in preliminary discussions around the maturity of the 2011 Secured Debentures. Discussions continued with Canso until February 2015, at which point discussions ceased.

Over the course of 2014 and 2015, Canaccord met with numerous potential financing sources, both with and without management of the Company present, in order to elicit potential refinancing proposals and the Company entered into confidentiality agreements with more than 20 potential financing sources. The Board was provided with regular updates as to the progress of these endeavours.

In light of the inadequate terms of the expressions of interest received, the Company and its financial advisors re-engaged in discussions with Canso in October 2015.

On November 12, 2015, the Board met to discuss the status of the refinancing proposals received to date. The Board also reviewed the proposals based on a number of criteria, including, without limitation: (a) the ability to enable a sustainable capital structure and business model and enhance the future viability of the Company; (b) the ability of existing shareholders to participate meaningfully in the transaction; (c) the certainty of the transaction's execution; and (d) the potential to preserve and increase long-term shareholder value.

After input from management of the Company as well as the financial and legal advisors to the Company, the Board determined that the proposal presented by Canso was the most favourable to the Company and instructed that management of the Company, along with the legal and financial advisors, proceed to advance the proposal from Canso and crystallize its terms.

On December 22, 2015, the Company announced that it had entered into a non-binding engagement with Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages, to support and provide capital for certain proposed senior debt issuances by the Company pursuant to the Refinancing Transactions and, after further negotiations, on January 25, 2016, the Company and Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages, entered into a purchase agreement (the "**Purchase Agreement**") and backstop commitment letter (the "**Backstop Commitment Letter**") in respect of such Refinancing Transactions which contemplated the following:

- (a) the issuance of 8.00% senior secured debentures due 2026 of the Company (the "**Senior Secured Debentures**") pursuant to a trust indenture between Tuckamore, as issuer, and BNY Trust Company of Canada, as debenture trustee (the "Senior Secured Indenture") in the principal amount of \$176,228,000 as follows: (x) a minimum of \$130,000,000 to Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages, and (y) up to \$46,228,000 to accredited investors that subscribe for Senior Secured Debentures, provided that any such Senior Secured Debentures not issued to such other investors would be purchased by Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages (the "**Senior Secured Debenture Private Placement**"); and
- (b) the issuance of 10.00% second lien secured convertible debentures due 2026 of the Company (the "**Convertible Secured Debentures**" and together with the Senior Secured Debentures, the "**New Debentures**") pursuant to a trust indenture between Tuckamore, as issuer, and BNY Trust Company of Canada, as debenture trustee (the "Convertible Secured Indenture" and together with the Senior Secured Indenture, the "Indentures") in the principal amount of \$35,000,000 as follows: (x) a minimum of \$25,000,000 to Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages (the "**Convertible Secured Debenture Private Placement**"), and (y) up to \$10,000,000 to existing Shareholders of the Corporation pursuant to an offering of transferable rights (the "**Rights Offering**"), provided that any such Convertible Secured Debentures not subscribed for pursuant to the Rights Offering would be purchased by Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages, as part of the Convertible Secured Debenture Private Placement (the Rights Offering, together with the Senior Secured Debenture Private Placement and Convertible Secured Debenture Private Placement, the "**Refinancing Transactions**").

The Purchase Agreement and Backstop Commitment Letter have been filed and are available electronically on SEDAR at www.sedar.com under the Company's profile.

On February 25, 2016, shareholders of the Company passed a resolution approving the Refinancing Transactions (the "**Refinancing Resolution**") which included approval of certain related waivers

under the Rights Plan (as defined below), as more fully described in Tuckamore's management information circular dated January 25, 2016. As required pursuant to applicable securities law and the rules of the Toronto Stock Exchange (the "**TSX**"), the Refinancing Resolution was approved by the requisite majority of disinterested shareholders of the Company for purposes of "minority approval" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and for purposes of the rules of the TSX. Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages, is a significant shareholder of the Company and was a significant holder of the 2011 Secured Debentures. Accordingly, a total of 17,680,650 Shares controlled or directed by Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages, were excluded from the vote on the Refinancing Resolution.

As a result of the aforementioned shareholder approval and the filing by the Company of, and the issuance of a receipt by the Ontario Securities Commission (the "**OSC**") for, the Company's short form prospectus dated February 24, 2016 (the "**Final Prospectus**"), the Company launched the Rights Offering on February 25, 2016. Pursuant to the Rights Offering, and as fully described in the Final Prospectus (which is available electronically on SEDAR at www.sedar.com under the Company's profile), shareholders of record as of February 18, 2016 received one right (a "**Right**") for each Common Share held. For every 1,099.41241 Rights held, an eligible holder thereof was entitled to purchase, under a basic subscription right, \$100 principal amount of Convertible Secured Debentures at a subscription price of \$100, provided such Rights were duly exercised and subscription funds were received by CST Trust Company (the "**Subscription Agent**") prior to 5:00 p.m. (Toronto time) on March 17, 2016 (the "**Expiry Time**"). At the Expiry Time, a total of \$1,969,600 aggregate principal amount of Convertible Secured Debentures were subscribed for by purchasers pursuant to the exercise of rights under the basic subscription privilege and the remaining \$8,030,400 aggregate principal amount of Convertible Secured Debentures were subscribed for by over-subscribing purchasers on a pro rata basis pursuant to the additional subscription privilege. Excess funds of \$1,856,000 received on account of over subscriptions for which Convertible Secured Debentures could not be allotted under the additional subscription privilege were returned to the over subscribing purchasers on a *pro rata* basis.

B. Completion of the Refinancing Transactions

(i) Repayment of 2011 Secured Debentures

On March 23, 2016, Tuckamore repaid the 2011 Secured Debentures in full. The Company made a cash payment totalling \$176,228,000 in respect of outstanding principal (funded through the proceeds of issuance of the Senior Secured Debentures (as described below)), and an additional cash payment totalling \$3,167,275.21 in respect of accrued but unpaid interest up to, but excluding, the date of repayment. As a result of the repayment, the obligations of the Company and its guarantor subsidiaries under the 2011 Secured Debentures were satisfied and discharged and the 2011 Secured Indenture was terminated.

(ii) Issuance of Senior Secured Debentures

On March 23, 2016, the Company issued, pursuant to the Senior Secured Debenture Private Placement, Senior Secured Debentures in an aggregate principal amount of \$176,228,000. The proceeds of the issuance of the Senior Secured Debentures were used to fund the Company's payment obligations in respect of the 2011 Secured Debentures. The Senior Secured Debentures bear interest at an annual rate of 8.00% payable semi-annually in arrears on June 30 and December 31 in each year. The maturity date of the Senior Secured Debentures is March 23, 2026. The Senior Secured Debentures are subject to a four month hold period as required by applicable securities law.

The Senior Secured Debentures are redeemable at the option of the Company and, in certain circumstances, are mandatorily redeemable. The Senior Secured Debentures are secured by first-ranking liens over all of the property of the Company and its guarantor subsidiaries, other than certain limited classes of collateral over which the Company has granted a prior-ranking lien in favour of the ABL Agent (as defined below) which secure the Company's obligations under the ABL Facility. The Senior Secured Debentures provide for certain events of default and covenants of the Company which are customary for transactions of this nature, including financial and reporting covenants and

restrictive covenants limiting the ability of the Company and its subsidiaries to make certain distributions and dispositions, incur indebtedness, grant liens and limitations with respect to acquisitions, mergers, investments, non-arm's length transactions, reorganizations and hedging arrangements (subject to certain exceptions).

(iii) Issuance of Convertible Secured Debentures and Completion of Rights Offering

On March 23, 2016, the Company issued Convertible Secured Debentures in an aggregate principal amount of \$35,000,000, comprised of \$25,000,000 aggregate principal amount issued pursuant to the Convertible Secured Debenture Private Placement and an additional \$10,000,000 aggregate principal amount issued pursuant to the Rights Offering. The proceeds of the issuance of the Convertible Secured Debentures were used to repay outstanding obligations under the Credit Agreement. The Convertible Secured Debentures issued pursuant to the Convertible Secured Debenture Private Placement are subject to a four month hold period as required by applicable securities law.

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

The proceeds from the issuance of the Convertible Secured Debentures and the Asset Sales (as defined below) were used to repay the Credit Agreement. As a result, the obligations of the subsidiary borrower of the Company and the other guarantors under the Credit Agreement were satisfied and discharged and the Credit Agreement was terminated.

(iv) New ABL Facility

On March 23, 2016, ClearStream Energy Holdings LP, as borrower, entered into an asset-based lending credit agreement (the "**New ABL Facility**") with (among others) the Company and certain of its other direct and indirect subsidiaries, as guarantors, and Bank of Montreal, as administrative agent (the "**ABL Agent**"). The New ABL Facility is a revolving facility providing for maximum borrowings of up to \$60,000,000 and carries a term of three years. The amount available to be drawn under the New ABL Facility will vary from time to time, based upon a borrowing base determined with reference to the accounts receivable and inventory levels. The obligations under the New ABL Facility are secured by, among other things, a first-ranking lien on all of the existing and after acquired accounts receivable and inventories of the Company and its guarantor subsidiaries. The New ABL Facility contains and provides for certain covenants (including financial reporting) and events of default as are customary in agreements of this nature. The interest rate on the New ABL Facility is prime plus 2.5%, increasing to prime plus 4% if the New ABL Facility is more than 50% drawn. As at the date hereof, a total of approximately \$13,900,000 million is available to the borrower under the New ABL Facility to draw.

(v) Sale of Assets of Quantum Murray LP, Titan Supply and Gusgo Transportation LP

The Company also completed the sale of the assets of Quantum Murray and Titan Supply, pursuant to an asset sale agreement dated March 4, 2016 (the "QM Asset Sale Agreement") as well as the Company's equity interest in Gusgo Transportation and related subsidiaries (the "**Asset Sales**"). The total consideration for the Asset Sales was approximately \$30,000,000 in aggregate, including assumption of debt of approximately \$3,000,000 with approximately \$10,000,000 in proceeds received upon completion of the Asset Sales and an additional \$6,800,000 to be received in the second quarter of 2016. An additional \$2,000,000 will be held back pending confirmation that certain events do not occur and earn outs of up to \$8,200,000 will be paid based on the renewal of certain contracts and the future income and cash flow of businesses being sold. The net aggregate proceeds from the Asset Sales were used to repay outstanding indebtedness under the Credit Agreement. On March 31, 2015, Tuckamore sold a majority of the net assets of Thomson Metals and Disposal LP for cash proceeds of \$300,000.

2.2.2 Sale of Gemma

On September 30, 2015 the Company sold its 100% interest in Gemma Communications ("**Gemma**") for proceeds of up to \$7,000,000. The transaction consideration consisted of an initial purchase price of \$4,000,000 of which \$2,500,000 was paid at closing with the remainder payable in instalments, plus an earn out of up to \$3,000,000 based on future revenues up to December 2016.

2.2.3 Sale of IC Group

On July 31, 2015, the Company completed the sale of its 80% indirect interest in IC Group LP in accordance with a purchase agreement entered into on July 30, 2015 for proceeds of approximately \$2,500,000. The 100% interest of Tuckamore Holdings LP in the general partner of IC Group LP was sold at the same time. The proceeds were used to reduce outstanding indebtedness under the Credit Agreement and for the payment of transaction costs.

2.2.4 Sale of RLogistics

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 RLogistics LP (which operates under the name "factorydirect.ca") for \$1,900,000. The proceeds were first used to settle \$1,350,000 in advances owing to RGC, with the balance being used to purchase RGC's partnership interest in RLogistics.

2.2.5 Terminated Plan of Arrangement

During the second quarter of 2014, the Company announced that it had entered into an arrangement agreement (the "**Arrangement Agreement**") pursuant to which certain members of Tuckamore's senior management, along with the support of certain funds managed by Birch Hill Equity Partners, had agreed to indirectly acquire all of the issued and outstanding Shares (excluding those already owned by the members of senior management involved) for cash consideration at a price of \$0.75 per Share (the "**Arrangement**"). On July 11, 2014, the Company announced that it had adjourned the special meeting of shareholders called to consider the Arrangement to allow the Company additional time to consult with shareholders. On July 25, 2014, the Company announced that the Arrangement Agreement had been terminated and that the special meeting of shareholders had been cancelled.

On August 1, 2014, the Company announced that it had closed a transaction with Orange Capital Master I, Ltd. ("**Orange Capital**") to sell approximately \$13 million in Shares to Orange Capital at a price of \$0.80 per Share, resulting in the issuance of 16,666,667 Shares (the "**Private Placement**") pursuant to a subscription agreement between the Company and Orange Capital dated August 1, 2014 (the "**Subscription Agreement**"). The Company used the net proceeds from the Private Placement to reduce outstanding indebtedness under the Credit Agreement.

2.2.6 Proceedings with Access Holdings Management Company LLC

During July and early August of 2014, Access Holdings Management Company LLC ("**Access**") made repeated submissions to the TSX and the OSC to consider a temporary cease trade order in respect of

the Private Placement. On August 11, 2014, the Company announced that it had reached an agreement with Access and First Series of Halcyon Trading Fund LLC (collectively, the “**Consortium**”) whereby Access agreed to withdraw all proceedings. As part of the agreement, the Consortium agreed to certain restrictions on participating in dissident proxy solicitation or take-over bids until May 31, 2016 and to limit its acquisitions of Shares until September 30, 2015. Tuckamore agreed to reimburse certain legal and professional expenses incurred by the Consortium.

2.2.7 Shareholder Rights Plan

As part of the Company’s ongoing governance review, the Board terminated the Company’s previous shareholder rights plan agreement dated July 25, 2014 and entered into a shareholder rights plan agreement with CST Trust Company, effective August 20, 2014 (the “**Rights Plan**”). The objective of the Rights Plan is to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any initiative to acquire control of the Company. The Rights Plan was confirmed, ratified and approved by shareholders at the annual general meeting held on September 16, 2014.

2.2.8 Conversion of Unsecured Debentures

On March 24, 2014, the Company announced that it had repaid its 3.624% unsecured debentures due in 2014 (the “**Unsecured Debentures**”) which were issued pursuant to a trust indenture dated March 23, 2011 between the Fund (as predecessor to Tuckamore), as issuer and Computershare Trust Company of Canada, as debenture trustee (as the same was amended, supplemented or otherwise modified from time to time, the “**Unsecured Trust Indenture**”). In accordance with the terms of the Unsecured Debentures and the Unsecured Trust Indenture, the Company satisfied the total principal amount owing under the Unsecured Debentures in the amount of \$26,552,000 through the issuance of a total of 8,493,143 Shares.

2.3 Significant Acquisitions

No significant acquisitions were made in the financial year ended December 31, 2015.

2.4 Significant Dispositions

See sections 2.2 – The Refinancing Transactions, 2.2.2 – Sale of Gemma and 2.2.3 – Sale of IC Group above.

2.5 Strategy

The Company’s business and investment strategy is based on:

- Providing strategic and operational support to facilitate the growth and performance of ClearStream
- Reducing debt levels through excess cash flow

3. Description of the Business

The following is a description of the business of ClearStream. Unless otherwise noted, the information below is as of the date hereof.

3.1 Business Overview

ClearStream is a fully integrated provider of upstream, midstream and downstream production services to the energy industry in western Canada. ClearStream provides transportation, fabrication, construction, maintenance and operation services primarily to the oil and gas industry and also to the pulp and paper and timber industries. The majority of ClearStream revenues are from maintenance

and operations of existing oil and gas facilities as opposed to construction. As a result, ClearStream is less dependent on the oil cycle.

ClearStream's maintenance contracts generally have terms of up to five years and are renegotiated and often extended at the end of each term.

ClearStream (or its predecessor companies) has been in business since 1970. It has several offices and operating locations throughout Alberta, with most of its executive team located in Edmonton. ClearStream also has regional offices throughout Alberta and north-eastern British Columbia.

ClearStream has over 225 full-time employees that are working out of its various offices. The number of employees in the field varies from 1,500 to over 2,700 depending on seasonality and client demand.

ClearStream has been in the Company's portfolio since October 2004.

3.2 Products and Services

ClearStream, through its subsidiaries provides the following product offerings through three divisions; Industrial Services, Fabrication and Wear Technology, and Transportation and Logistics.

3.2.1 Industrial Services

- A.** Production and Maintenance: These services include providing complete plant and field support, quality control, field operations and safety management systems personnel. The maintenance services business segment also performs plant turnarounds whereby a facility is shut down for a period of time for service and repair. ClearStream is typically involved from the start of shutdown planning to the completion of the shutdown. ClearStream's maintenance services include the provision of personnel, materials and equipment required by ClearStream clients to execute their day-to-day maintenance services, operational requirements and turnaround activities.
- B.** Facility Construction: ClearStream provides a full range of facility construction services, including estimation, scheduling, inspection, procurement, project management and construction execution. The facility construction segment of ClearStream's business typically leads to its maintenance services being retained after the completion of construction.
- C.** Labour Supply: ClearStream supplies qualified heavy equipment operators and mechanics and general workers to the oil sands plants in Fort McMurray, Alberta.

3.2.2 Fabrication and Wear Technology

- A.** Fabrication, Machining and Modular Assembly: This business line includes pipe spooling fabrication, skid packages and vessel dressing, structural fabrication, module assembly and rebuilds.
- B.** Wear Technology: This area of service increases life expectancy of steel pipe and plate. Services include chromium carbide, tungsten carbide and proprietary overlays resulting in abrasion and corrosion resistant wear pipes and plates that are primarily used in the Canadian Oilsands.

3.2.3 Transportation and Logistics

This service includes pipe logistics and management, hauling and storage, on site hauling, equipment hauling, camp moving and general transportation services to the energy industry.

3.3 Customers

ClearStream's client base includes some of the largest and most recognized names in the energy industry. Three of Canada's largest integrated oil companies represent approximately 54.7% of ClearStream's revenues for the year ended December 31, 2015.

Notwithstanding that, ClearStream operates in a dynamic marketplace that is constantly changing because of merger and acquisition activity within the energy industry. ClearStream has been successful to date in fostering long-standing relationships with its clients.

3.4 Industry Trends

The energy industry (and particularly the oil and gas industry) is prone to cyclical fluctuations. The financial health of exploration and production companies and the level of activity in this sector is directly correlated with the price of oil and gas.

Certain segments of the oil and gas services industry run in a parallel cycle to exploration and production. Other segments, however, including those related to annual maintenance and repair are much more insulated from industry cyclicity. ClearStream made the strategic decision to focus on these less cyclical service areas in an effort to achieve operational and financial stability.

3.5 Competition

ClearStream's principal competitors are Flint Energy Services Ltd., Ledcor Group of Companies, Triton Projects Inc., Strike Energy, Quinn Contracting, Site Energy, Jacobs, Reppsco Services Ltd., and Tartan Canada. ClearStream management believes that its focus on core values around relationships, people, excellence and smart decisions, along with existing long term relationships ClearStream has with its customers, has made it a market leader in its field and represents a strong competitive advantage.

4. RISK FACTORS

An investment in common shares of the Company involves a number of risks. In addition to the other information contained in this AIF and the Company's other publicly filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. Any of the matters highlighted in these risk factors could have a material adverse effect on the Company's results of operations, business prospects or financial condition.

4.1 Risks Relating to the Company and ClearStream

4.1.1 Refinancing Transactions May Not Improve the Company's Financial Condition

The Refinancing Transactions may not improve the Company's liquidity and operating flexibility or allow it to continue operating its business in the normal course. Deterioration in the Company's consolidated revenues and relationships with suppliers, or the inability of the Company to successfully manage costs, liquidity and results of operations, or the impact of external factors beyond the control of the Company such as further deterioration in general economic conditions (including commodity prices such as oil and natural gas), may have a material adverse effect on the Company and may result in the Company not being able to pay its debts as they become due. While the Company had positive cash flows from operations for the financial year ended December 31, 2015, there can be no assurance that the Company will be able to maintain positive cash flow from operations in subsequent financial periods.

There are no assurances that the Company will be able to achieve or maintain compliance with the terms, conditions and covenants contained in the Convertible Secured Indenture, Senior Secured Indenture, and the New ABL Facility and any such non-compliance could lead to defaults thereunder

which could materially adversely affect the Company's financial condition, liquidity and results of operations. A failure to comply with the obligations in the Convertible Secured Indenture, Senior Secured Indenture, and/or the New ABL Facility could result in an event of default that, if not cured or waived, could permit acceleration of the Company's obligations thereunder. If the indebtedness under the Convertible Secured Indenture, Senior Secured Indenture, and/or the New ABL Facility were to be accelerated, there can be no assurance that the assets would be sufficient to repay in full that indebtedness.

The degree to which the Company is leveraged could have important consequences to shareholders, including the following: (i) the ability to obtain additional financing for working capital, capital expenditures or acquisitions; (ii) a material portion of cash flow from operations may need to be dedicated to payment of the principal of and interest on indebtedness, thereby reducing funds available for future operations; (iii) the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. The ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flows, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

4.1.2 The Refinancing Transactions Could Result in a Change of Control of the Company

In connection with the Refinancing Transactions, the Company issued a significant number of Convertible Secured Debentures to Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages. In addition, the Company may be required to issue additional Convertible Secured Debentures to Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages, as PIK Debentures. Assuming that: (a) all interest on the Convertible Secured Debentures is paid as PIK Debentures over the term of the Convertible Secured Debentures to maturity; (b) no Convertible Secured Debentures are redeemed; (c) all Convertible Secured Debentures are converted immediately prior to maturity; and (d) there is no adjustment to the conversion price of the Convertible Secured Debentures, a maximum of 260,273,493 common shares of the Company may be issued to Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages (to the extent permitted under securities legislation), or any transferee of Canso's holdings, upon conversion of the Convertible Secured Debentures that were issued pursuant to the Refinancing Transactions. Canso, to the extent permitted under securities legislation, or any transferee of Canso's holdings, will be in a position to unilaterally elect a majority of the directors of the Company should it choose to do so.

4.1.3 Volatility of Industry Conditions Relating to ClearStream

The demand, pricing and terms for oilfield services largely depend upon the level of oil and gas industry activity. Industry conditions are influenced by numerous factors over which ClearStream will have no control, including: the level of oil and gas prices; expectations about future oil and gas prices; the cost of exploring for, producing and delivering oil and gas; the expected rates of declining current production; the discovery rates of new oil and gas reserves; available pipeline and other oil and gas transportation capacity; worldwide weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and gas companies to raise equity capital or debt financing.

The level of activity in the oil and gas exploration and production industry is volatile. No assurance can be given that expected trends in oil and gas production activities will continue or that demand for oilfield services will reflect the level of activity in the industry. Crude oil and natural gas prices have decreased significantly in recent months and are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to concerns of oversupply, the current state of the world economics, actions taken by the Organization of the Petroleum Exporting Countries, and the ongoing credit and liquidity concerns. Any prolonged substantial reduction in oil and natural gas prices would likely adversely affect oil and gas production levels and therefore adversely affect the demand for services to oil and gas customers. A material decline or sustained depression in oil or gas prices or industry activity could have a material adverse effect on ClearStream's business, financial condition, results of operations and cash flows. The

business and activities of ClearStream are directly affected by fluctuations in levels of exploration, development and production activity carried on by its customers.

In addition, demand for the services provided by ClearStream is directly impacted by the prices that ClearStream's customers receive for the crude oil and natural gas they produce and the prices received have a direct correlation to the cash flow available to invest in transportation, equipment rental and other oilfield services provided by ClearStream. The markets for oil and natural gas are separate and distinct. Oil is a global commodity with a vast distribution network. As natural gas is most economically transported in its gaseous state via pipeline, its market is dependent on pipeline infrastructure and is subject to regional supply and demand factors. However, recent developments in the transportation of liquefied natural gas ("LNG") in ocean going tanker ships have introduced an element of globalization to the natural gas market. Crude oil and natural gas prices are quite volatile, which accounts for much of the cyclical nature of the oilfield services business. World crude oil prices and North American natural gas prices, including LNG, are not subject to control by ClearStream.

4.1.4 Dependence on ClearStream

The Company is a holding company that is entirely dependent on the operations and assets of ClearStream. The ability of the Company to make payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing its material indebtedness (including the New ABL Facility and pursuant to the Convertible Secured Debentures and the Senior Secured Debentures).

4.1.5 Failure to Realize Anticipated Benefits of Investments Made

The Company and its Operating Partnership may partner with additional entrepreneurs in the future. The ability to identify new partnership opportunities and to acquire an ownership interest in new partnerships at attractive prices is not guaranteed. Achieving the benefits of future acquisitions will depend in part on successfully consolidating functions and integrating operations, procedures and personnel of all of the partnerships in a timely and efficient manner. The integration of these future acquisitions will require the dedication of management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business and customer and employee relationships that may adversely affect the Company or an Operating Partnership's ability to achieve the anticipated benefits of future acquisitions.

4.1.6 Condition of Capital Markets

While the Company has successfully restructured its balance sheet, the majority of cash flow, and all asset sale proceeds, if any, is anticipated to be used to pay down debt for the foreseeable future.

4.1.7 Dependence on Key Personnel

The success of the Company and of the Operating Partnership depends on their respective senior management teams and other key employees, including their ability to retain and attract skilled management and employees. The loss of the services of key personnel could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Company and its Operating Partnership. In addition, growth plans may require additional employees, increase the demand on Management and produce risks in both productivity and retention levels. The Company and its Operating Partnership may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that the Company will be able to effectively manage its future business plan, and any failure to do so could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

4.1.8 General Economic Factors

The Company's business and the business of the Operating Partnership are subject to changes in general economic conditions including but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence.

4.1.9 Customer Contracts

The business operations of ClearStream depend on its ability to perform under the agreements with its customers and the ability to attract new business. The key factors, which determine whether a client continues to use ClearStream are service quality and availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, reputation for safety performance and competitive pricing. Although Clearstream's key customer relationships are measured in decades, there can be no assurance that ClearStream's relationship with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on ClearStream's business, financial condition, results of operations and cash flows.

4.1.10 Customer Concentration

Large contracts often create a situation where a significant portion of ClearStream's main revenue and accounts receivables may be from a small number of customers increasing the risks of economic dependence and concentration of credit. ClearStream is economically dependent upon its top three clients who made up approximately 54.7% of its revenues for 2015.

4.1.11 Labour

The success of the Company depends on the ability of ClearStream to maintain its respective productivity and profitability. The productivity and profitability of ClearStream may be limited by its ability to employ, train and retain the skilled personnel necessary to meet its requirements. ClearStream cannot be certain that it will be able to maintain the adequate skilled labour force necessary to operate efficiently and to support its growth strategy. As well, ClearStream cannot be certain that its labour expenses will not increase as a result of shortage in the supply of these skilled personnel. Labour shortages or increased labour costs could impair the ability of ClearStream to maintain or grow its business.

27% of ClearStream's hourly employees, workers in both ClearWater Fabrication and ClearWater Energy Service, are subject to collective agreements to which it is a party or is otherwise subject. Any work stoppage resulting from a strike or lockout could have a material adverse effect on the Company's business, financial condition and results of operations, including increased labour costs and service disruptions. In addition, ClearStream's clients employ workers under collective agreements. Any work stoppage or labour disruption experienced by ClearStream's key clients could significantly reduce the amount of its services that they need.

4.1.12 Regulation

The Company and ClearStream are subject to a variety of federal, provincial and local laws, regulations, and guidelines and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Company and ClearStream. Although such expenditures historically have not been material, such laws and regulations are subject to change. Accordingly, it is impossible for the Company or ClearStream to predict the cost or impact of such laws and regulations on their respective future operations.

4.1.13 Competition

The businesses in which ClearStream operates are highly competitive. It often competes with companies that are much larger and have greater resources than ClearStream. There can be no

assurance that the Company and ClearStream will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows.

4.1.14 Seasonality

In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. Spring break-up during the second quarter leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, which results in severe restrictions in the level of oilfield services. The duration of this period will have a direct impact on the level of ClearStream's activities. Spring break-up occurs earlier in the year in south-eastern Alberta than it does in northern Alberta. The timing and duration of spring break-up is dependent on weather patterns but it generally occurs in April and May. Additionally, if an unseasonably warm winter prevents sufficient freezing, ClearStream may not be able to access well sites and its operating results and financial condition may therefore be adversely affected. The demand for oilfield services may also be affected by the severity of the Canadian winters. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in the weather and temperature can therefore create unpredictability in activity and utilization rates, which can have a material adverse effect on ClearStream's business, financial condition, results of operations and cash flows.

4.1.15 Sources, Pricing and Availability of Equipment and Equipment Parts

ClearStream sources its equipment and equipment parts from a variety of suppliers. Should any suppliers of ClearStream be unable to provide the necessary equipment or parts or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services or in the time required to find new suppliers could have a material adverse effect on ClearStream's business, financial condition, results of operations and cash flows.

4.1.16 Project Risk

A portion of ClearStream's revenues is derived from stand-alone construction projects under a "lump sum" contracting strategy. Although these projects provide opportunities for increased revenue and profit contributions they can occasionally result in significant losses. Although "lump sum" projects do not represent a high percentage of the work ClearStream performs, ClearStream may experience periods of irregular or reduced revenues. The recording of the results of these project contracts can distort revenues and earnings on both a quarterly and an annual basis and can, in some cases, make it difficult to compare the financial results between reporting periods.

4.1.17 Environmental

The operations of ClearStream are, and will continue to be, affected in varying degrees by federal and provincial statutes and regulations regarding the protection of the environment. Changes to existing statutes or regulations could have a negative impact on development projects in the oil sands. Furthermore, under existing legislation, all capital projects in the oil sands are subject to regulatory approval. Planned capital projects that have not yet obtained regulatory approval will require such approvals in order to proceed.

No assurance can be given that future environmental approvals, laws or regulations will not adversely impact the ability of ClearStream's customers to develop and operate in the oil sands.

4.1.18 Unexpected Adjustments and Cancellations in Backlog

ClearStream may not be able to convert its backlog into revenue and cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. This is a fundamental condition of the energy services industry. Projects may remain in its backlog for an extended period of time. ClearStream includes in its backlog binding and non-binding letters of intent, work orders and cost reimbursable contracts, which may be different than the items other issuers

include in backlog. In addition, as many of ClearStream's clients have the right to terminate their contracts on short notice, project cancellations or scope adjustments may occur, from time to time, with respect to contracts reflected in its backlog and with respect to backlog evidenced by a non-binding letter of intent, the formal contract respecting same may never be finalized, resulting in such engagement being terminated. Backlog reductions can adversely affect the revenue and profit ClearStream actually receives from projects reflected in its backlog. Future project cancellations and scope adjustments could further reduce the dollar amount of the Company's backlog and the revenues and profits that ClearStream actually receives. Additionally, in the event of a project cancellation, the Company may be reimbursed for certain costs, but typically has no contractual rights to the total revenue that was expected to be derived from such project.

4.1.19 Price and Availability of Alternative Fuels

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. ClearStream cannot predict the impact of changing demand for oil and gas products, and any major changes may have a material adverse effect on ClearStream's business, financial condition, results of operations and cash flows.

4.1.20 Potential Unknown Liabilities

In connection with the prior formation of ClearStream (or future operating partnerships acquired by the Company), there may be unknown liabilities directly or indirectly assumed by the Company through its interests in such operating partnerships for which the Company or its direct and indirect subsidiaries may not be indemnified by the prior owner. The discovery of any material liabilities could have a material adverse effect on the business, financial condition, results of operations and future prospects of the Company.

4.1.21 Availability of Future Financing

As of the date hereof, the Company's principal source of funds is cash generated from ClearStream. The Company however, may require additional equity or debt financing to meet its financing requirements. There can be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to the Company, in which event the financial condition of the Company may be materially adversely affected.

4.1.22 Potential Future Developments

Management of the Company, in the ordinary course of business, regularly explores potential strategic opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant effect on the price of the Company's securities. The Company's practice is not to publicly disclose the pursuit of a potential strategic opportunity or transaction unless and until a definitive binding agreement is reached unless otherwise required by applicable law. There can be no assurance that investors who buy or sell securities of the Company are doing so at a time when the Company is not pursuing a particular strategic opportunity or transaction that when announced, would have a significant effect on the price of the Company's securities.

4.2 Risks Relating to the Company's Corporate Structure

4.2.1 Potential Sales of Additional Shares

The Company may issue additional Shares or securities exchangeable for or convertible into Shares in the future. Such additional Shares may be issued without the approval of shareholders. The shareholders will have no pre-emptive rights in connection with such additional issues. Additional issuance of Shares will result in the dilution of the interests of shareholders.

4.2.2 Income Tax Matters

Although the Company, Tuckamore Holdings LP and ClearStream and its subsidiaries are of the view that all expenses to be claimed by them in the determination of their respective incomes under the *Income Tax Act* (Canada) (the "**Tax Act**") are reasonable and deductible in accordance with the applicable provisions of the Tax Act, and that the allocation of partnership income for purposes of the Tax Act are reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency (the "**CRA**") will agree with the expenses claimed or such allocation of partnership income. If CRA successfully challenges the deductibility of such expenses or the allocation of such income, the allocation of taxable income to the Company, and taxable income of ClearStream and its subsidiaries, may change.

Elections have been made under the Tax Act such that the transactions under which Tuckamore Holdings LP acquired its interest in the Operating Partnership may be effected on a tax-deferred basis. The adjusted cost base of any property transferred to an Operating Partnership pursuant to such agreements may be less than its fair market value, such that a gain may be realized on the future sale of the property.

The past acquisitions of the operating partnerships involved various structuring events to complete the transactions in a tax effective manner. These transactions involved interpretations of the Tax Act which could, if interpreted differently, result in additional tax liabilities.

4.3 Risks Relating to Common Shares of the Company

4.3.1 Unpredictability and Volatility of Common Share Price

A publicly traded holding company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the common shares of the Company will trade cannot be predicted. The market price of the common shares of the Company could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the common shares of the Company.

4.3.2 Restrictions on potential growth

The use of operating cash flow to reduce debt will make additional capital and operating expenditures somewhat dependent on increased cash flow. Lack of those funds could limit the future growth of ClearStream and its cash flow.

4.4 Risks Relating to the Senior Secured Debentures and the Convertible Secured Debentures

4.4.1 Prior Ranking Indebtedness and Insolvency Laws

The first priority security interest on the assets of Tuckamore held by the Senior Debenture Trustee on behalf of holders of Senior Secured Debentures could mean that such assets will not be available to satisfy any obligations owing on the Convertible Secured Debentures. In addition, the security interest on the assets of Tuckamore held by the Convertible Debenture Trustee on behalf of holders of Convertible Secured Debentures does not extend to collateral securing the New ABL Facility. As a result, in the event of a liquidation of the Company and/or certain subsidiaries of the Company, it is possible that the holders of Convertible Secured Debentures would not recover the full or any amount of their investment.

In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Company and the other obligors, and their respective property or assets, or in the event of any proceedings for voluntary liquidation, dissolution

or other winding-up of the Company or the other obligors, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Company or the other obligors, holders of Senior Secured Debentures will receive payment to the extent of their security interest in the assets of the obligors granted to them, before the holders of Convertible Secured Debentures are entitled to receive any payment or distribution of any kind or character.

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the Winding-up and Restructuring Act, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Convertible Debenture Trustee's rights and ability to repossess its security from any obligor may be significantly impaired or delayed. Moreover, Canadian Insolvency and Restructuring Laws may permit the obligors to continue to retain and to use their assets, and the proceeds, products, rents, or profits of their assets, even though the obligors are in default under the Indentures or the New Debentures. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is impossible to predict how long payments under the New Debentures could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws or whether or when the Trustees would be able to repossess or dispose of the assets over which it holds a security interest. The powers of the court under Canadian Insolvency and Restructuring Laws are exercised broadly to protect a debtor and its estate from actions taken by creditors and others.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor or obligors to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including potentially all holders of the New Debentures. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to holders of the New Debentures or the Trustees.

4.4.2 Payment of Interest

The Company's ability to pay principal and interest on the New Debentures when due will depend, in part, on the ability of the Refinancing Transactions to improve the Company's financial condition over the long term. In the event that the financial condition of the Company does not improve, or deteriorates following the closing of the Refinancing Transactions, the Company may not be able to pay principal and interest on the New Debentures.

4.4.3 Covenant Obligations

The Indentures and the New Debentures will impose negative and positive covenants on the Company and specified events of default. A failure to comply with the Company's obligations under the Indentures, the New ABL Facility and any other credit arrangements, as applicable, could result in a default or cross-default which would have a material adverse effect on the Company and its ability to operate as a going concern.

4.4.4 Redemption Prior to Maturity

Except upon the occurrence of a Change of Control (as defined in the Convertible Secured Indenture), the Convertible Secured Debentures will not be redeemable on or before the fifth anniversary of the Effective Date and, thereafter, they become redeemable at the election of the Company, in whole or in part, at any time on or before the business day before their maturity date. Holders of Convertible Secured Debentures should assume that the Company will exercise this redemption option if the Company is able to refinance at a lower interest rate or it is otherwise in the interests of the Company to redeem the Convertible Secured Debentures.

4.4.5 Inability of the Company to Purchase Debentures

Upon the occurrence of a Change of Control (as defined in the Convertible Secured Indenture), the Company will be required to make an offer to purchase all of the Convertible Secured Debentures then outstanding at a price equal to 115% of the principal amount thereof, plus accrued and unpaid interest. It is possible that following a Change of Control, the Company will not have sufficient funds to make the required repurchase of Convertibles Secured Debentures or that restrictions contained in other indebtedness will restrict those purchases.

4.4.6 Dilution

The Company will issue common shares of the Company in connection with any conversion of the Convertible Secured Debentures resulting in the dilution of a shareholder's current percentage ownership in the Company.

4.4.7 Investment Eligibility

There can be no assurance that the Convertible Secured Debentures, the PIK Debentures and the Common Shares will continue to be "qualified investments" under the Tax Act for trusts governed by RRSPs, RRIFFs, TFSA's, registered education savings plans, registered disability savings plans and deferred profit sharing plans (collectively, "**Registered Plans**"). The Tax Act imposes penalties where trusts governed by Registered Plans acquire or hold non-qualified investments.

4.4.8 Market Value Fluctuation

Prevailing interest rates will affect the market value of the New Debentures, as they carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the New Debentures, which carry a fixed interest rate, will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

4.4.9 Trading Market for the Convertible Secured Debentures

Although the Convertible Secured Debentures are listed on the TSX, the Company cannot be sure that an active trading market will develop for the Convertible Secured Debentures. In such case, holders of the Convertible Secured Debentures may not be able to resell their Convertible Secured Debentures at their fair market value or at all. Future trading prices of the Convertible Secured Debentures will depend on many factors, including, among other things, prevailing interest rates, the Company's operating results and the market for similar securities.

5. DIVIDENDS

The Company has not paid any cash dividends to date on the Shares. Further, the Company intends to retain its earnings or make required payments under its senior indebtedness and does not expect to pay any cash dividends on its Shares in the foreseeable future. The actual timing, payment and amount of any dividends, if any, will be determined by the Board from time to time based upon, among other things, cash flow, results of operations and financial condition, the need for funds to finance ongoing operations and such other business considerations as the Board may consider relevant in addition to restrictions under the Senior Secured Debentures, the Convertible Debentures and/or the New ABL Facility which prohibit dividends while amounts remain outstanding thereunder.

6. CAPITALIZATION OF THE COMPANY

6.1 Equity

The authorized share capital of the Company consists of: (i) an unlimited number of common shares; and (ii) preferred shares issuable in series to be limited in number to an amount equal to not more than one half of the issued and outstanding Shares at the time of issuance of such preferred shares

(the “**Preferred Shares**”). As of the date hereof, there were 109,941,241 Shares issued and outstanding and nil Preferred Shares issued and outstanding.

Each Share entitles the holder thereof to one vote at all meetings of shareholders other than meetings at which only the holders of another class or series of shares are entitled to vote. Each Share entitles the holder thereof to receive any dividends declared by the Board and the remaining property of the Company upon dissolution subject to the rights of securities of the Company having priority over the common shares.

The Preferred Shares are issuable in series and each class of Preferred Shares has such rights, restrictions, conditions and limitations as the Board may from time to time determine. The holders of Preferred Shares are entitled, in priority to holders of Shares, to be paid rateably with holders of each other series of Preferred Shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series and upon liquidation, dissolution or winding up of the Company, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable to holders of such series. Unless required by law, the holders of Preferred Shares are not entitled to receive any notice of or attend any meeting of shareholders of the Company and shall not be entitled to vote at any such meeting.

The foregoing summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the terms of the Company’s articles of arrangement (as amended), which may be found on SEDAR at www.sedar.com.

6.2 Senior Secured Debentures

For information on the Senior Secured Debentures, see section 2.2.1 – The Refinancing Transactions.

6.3 Convertible Secured Debentures

For information on the Convertible Secured Debentures, see section 2.2.1 – The Refinancing Transactions.

6.4 Prior Sales

The Company did not issue any common shares of the Company or securities convertible into Shares of the Company during the year ended December 31, 2015.

7. MARKET FOR SECURITIES

7.1 Common Shares

The Shares are listed for trading on the TSX under the symbol “TX”. The following table sets out the high and low trading prices, and trading volumes of the Shares on the TSX for the period from January 1, 2015 to December 31, 2015.

Date	High	Low	Volume
Jan-15	\$0.67	\$0.35	94,842
Feb-15	\$0.40	\$0.29	134,495
Mar-15	\$0.35	\$0.19	931,542
Apr-15	\$0.40	\$0.19	3,098,864
May-15	\$0.44	\$0.38	628,100
Jun-15	\$0.40	\$0.32	315,106
Jul-15	\$0.36	\$0.23	565,040
Aug-15	\$0.31	\$0.18	358,731
Sep-15	\$0.22	\$0.17	225,763

Date	High	Low	Volume
Oct-15	\$0.22	\$0.15	266,887
Nov-15	\$0.20	\$0.08	459,899
Dec-15	\$0.175	\$0.10	474,013

7.2 2011 Secured Debentures

The 2011 Secured Debentures were listed for trading on the TSX under the symbol TX.DB.B. The following table sets out the high and low trading prices and trading volumes of the 2011 Secured Debentures on the TSX for the period from January 1, 2015 to December 31, 2015. The 2011 Secured Debentures were delisted from the TSX on March 23, 2016.

Date	High	Low	Volume
Jan-15	\$88.50	\$65.0	444,000
Feb-15	\$74.00	\$60.00	270,000
Mar-15	\$66.40	\$55.00	1,528,000
Apr-15	\$76.00	\$58.00	5,112,000
May-15	\$84.00	\$78.00	9,576,600
Jun-15	\$83.50	\$80.00	624,000
Jul-15	\$82.00	\$79.90	871,000
Aug-15	\$80.00	\$70.00	794,000
Sep-15	\$70.00	\$65.00	7,218,000
Oct-15	\$65.00	\$60.00	404,000
Nov-15	\$60.00	\$40.00	538,000
Dec-15	\$97.00	\$55.00	2,163,000

8. DIRECTORS AND OFFICERS

8.1 Directors and Officers

The following is a list of the directors and executive officers of the Company, and information regarding each individual including province or state of residence, position with the Company, date of appointment to the position with the Company and his or her principal occupation during the past five years. As of December 31, 2015, the directors of the Company were Jordan L. Bitove, Herbert Fraser Clarke, Dean T. MacDonald, Sean D. McMaster, Peggy Mulligan and Adrian Montgomery. All directors hold office until the next annual general meeting of shareholders or until their successors are elected or until the earlier of their death, resignation or removal.

Name and Province /State of Residence	Position (Original Date of Election or Appointment)	Principal Occupation (past 5 years)
Jordan L. Bitove ^{(1)(C)(L)} Ontario, Canada	Director (November 4, 2013)	Partner, Spectrum Capital Partners
Herbert Fraser Clarke ^{(1)(A)} Ontario, Canada	Director (October 2, 2013)	President and Chief Executive Officer, Massage Addict Incorporated
Dean T. MacDonald Ontario, Canada	Director (December 1, 2008) Executive Chairman (June 29, 2015) Chief Executive Officer (December 1, 2008 to June 29, 2015) President (December 1, 2008 to December 17, 2014)	Executive Chairman, Tuckamore Capital Management Inc. Chief Executive Officer, Tuckamore Capital Management Inc. (December 1, 2008 to June 29, 2015) President, Tuckamore Capital Management Inc. (December 1, 2008 to December 17, 2014)
Sean D. McMaster ^{(1)(A)(C)} Alberta, Canada	Director (September 16, 2014)	Retired (previously Executive Vice President, Stakeholder Relations and General Counsel, TransCanada Corporation)
Peggy Mulligan ^{(1)(A)} Ontario, Canada	Director (September 16, 2014)	Corporate Director, Ontario Power Generation Inc. (" OPG ") and Capital Power
Adrian Montgomery Ontario, Canada	Director (June 29, 2015) President (December 17, 2014 to June 29, 2015) Chief Investment Officer (January 4, 2010)	Chief Investment Officer, Tuckamore Capital Management Inc. President, Tuckamore Capital Management Inc. (December 17, 2014 to June 29, 2015)
Keith Halbert Ontario, Canada	Chief Financial Officer (December 1, 2009)	Chief Financial Officer, Tuckamore Capital Management Inc.

Notes:

- (I) Denotes an "independent" director within the meaning of National Instrument 52-110 ("**NI 52-110**").
- (A) Denotes member of the audit committee of the Board (the "**Audit Committee**") as of December 31, 2015.
- (C) Denotes member of the compensation and corporate governance committee of the Board as of December 31, 2015.
- (L) Denotes "lead director" of the Board as of December 31, 2015.

As at the date of this AIF, the directors and officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or discretion over an aggregate of 15,371,459 common shares of the Company, representing 14.0% of the issued and outstanding common shares.

8.2 Audit Committee and Audit Fees

8.2.1 Audit Committee Charter

See Appendix "A".

8.2.2 Composition of the Audit Committee

As of December 31, 2015, the members of the Audit Committee were Messrs. Clarke (chair), McMaster, Bitove and Ms. Mulligan. All members of the Audit Committee are independent and financially literate within the meaning of NI 52-110. The relevant education and experience of each Audit Committee member is set out below.

Mr. Clarke is the President and Chief Executive Officer of Massage Addict Incorporated. Previously, Mr. Clarke has held the positions of President and Chief Executive Officer of Herbal Magic, 57146 Newfoundland & Labrador Inc. and Hair Club for Men. Prior to this role, Mr. Clarke was an Associate at CCC Investment Banking and an Associate at Ernst & Young LLP. Mr. Clarke holds a Bachelor of Commerce (Honours) from Memorial University and is a designated Chartered Accountant and Certified Financial Analyst.

Until February 2014, Mr. McMaster was Executive Vice President, Stakeholder Relations and General Counsel at TransCanada Corporation with overall responsibility for the management of TransCanada's legal and regulatory affairs, stakeholder relations, internal audit, external communications, compliance and corporate security. He was a director of Bruce Power, the entity that operates North America's largest nuclear facility. Mr. McMaster graduated from the University of Windsor in 1981 with a Bachelor of Arts (Honours) in Economics and Political Science. He received his Bachelor of Laws from the University of Alberta in 1989 and his Masters of Law from York University in 2006. Mr. McMaster obtained the Charter Director (C. Dir.) designation from the Directors College (a joint venture of McMaster University and the Conference Board of Canada) in 2010.

Mr. Bitove is a partner at Spectrum Capital Partners, a Toronto-based mid-market private investment firm. Formerly, Mr. Bitove was the President & CEO of Vision Group of Companies, an industry leader in creating experiential marketing experiences such as Canada's Walk of Fame, the Formula One Grand Prix Ball Series and Hockey House at the 2010 Winter Olympic Games.

Previously, Mr. Bitove launched Great Moments in Catering, which became Canada's largest privately-held event catering company, serving the Molson Indy, Tennis Canada and numerous institutions. He also contributed significantly to the startup of the Toronto Raptors Basketball Club, the first NBA franchise awarded outside of the United States. He holds the position of Honorary Consul to the Republic of Macedonia. He is currently a board member of the SickKids Hospital Foundation and The Canadian Advisory Board for Right to Play. Mr. Bitove is a graduate of Western University and presently sits on its Board of Governors.

Ms. Mulligan has been a member of the board of OPG since 2005. Ms. Mulligan serves or has served on OPG's Human Resources & Compensation (Chair), Governance, RiskOversight (Past Chair) and Audit Committees. Ms. Mulligan is also currently a member of the boards of CapitalPower Corporation, Energent Incorporated (a privately owned energy management solution company) and the Ladies Professional Golf Association where she serves as chair of the audit committees. Ms. Mulligan previously served as Executive Vice President and Chief Financial Officer of Valeant Pharmaceuticals International, Inc. (formerly Biovail Corporation) from 2008 until December 2010. From 2005 until 2007 she served as Executive Vice President, Chief Financial Officer and Treasurer of Linamar Corporation, with accountability for financial reporting and compliance, enterprise risk management, treasury, taxation, mergers and acquisitions and internal audit. Ms. Mulligan holds a Bachelor of Math (Honours) from the University of Waterloo, has held the designation of Chartered Accountant since 1981 and was named a Fellow of the Institute of Chartered Accountants of Ontario in 2003.

8.2.3 External Auditor Service Fees

Audit Fees

Ernst & Young LLP, the Company's external auditor, and auditor of certain Operating Partnerships, charged the Company \$896,250 for audit services related to the financial year ended December 31,

2015. Ernst & Young LLP charged \$916,250 for audit services related to the financial year ended December 31, 2014.

Audit-Related Fees

During the financial years ended December 31, 2015 and December 31, 2014, Ernst & Young LLP, charged the Company \$128,000 and \$80,000 respectively, for services that are reasonably related to the performance of audit-related services but are not reported above in "Audit Fees".

Tax Fees

During the financial years ended December 31, 2015 and December 31, 2014, Ernst & Young LLP charged the Company \$35,000 and \$35,000 respectively, for tax related services.

8.3 Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company:

- (a) is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Tuckamore) that,
 - (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer;
- (b) a director or executive officer of any company (including Tuckamore) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

For the purposes of the paragraphs above, "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

No director or executive officer of the Company or shareholder holding sufficient securities of the Company to affect materially the control of the Company has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

8.4 Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company or any of its subsidiaries and any director or officers of the Company or of a subsidiary of the Company, except that certain directors and officers of the Company serve as directors and officers of other public companies and therefore it is possible that a conflict may arise between their duties as a director and their duties as a director or officer of such other companies. See section 10 - Interest of Management and Others in Material Transactions.

9. LEGAL PROCEEDINGS

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

(b)

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

Tuckamore previously announced, in September 2014, that it had been notified by Brompton that in the event that Brompton is subject to taxes assessed by CRA or incurs losses or costs associated with the CRA's review, it would be seeking indemnification for approximately 40% of these taxes, losses or costs pursuant to agreements entered into by Tuckamore Holdings LP. Tuckamore Holdings LP, a wholly-owned subsidiary of Tuckamore, previously held approximately 40% of the outstanding equity of Brompton. Tuckamore Holdings LP sold its Class A shares in Brompton in September 2011.

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

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed under section 2.2 – Recent Developments in connection with the Refinancing Transactions, no director, executive officer of the Company or any shareholder beneficially holding or controlling, directly or indirectly, more than 10% of the issued and outstanding common shares of the

Company, or any of their respective associates or affiliates, had any material interest, direct or indirect, in any transaction during the financial year ended December 31, 2015 or in any proposed transaction that has materially affected or will materially affect the Company.

Employee loans made in 2006 and 2007 to employees and former employees of the Company and its subsidiaries were outstanding in the amount of \$110. In accordance with the terms and conditions of the loans, the loans are interest bearing and used to fund the purchase of common shares of the Company or to refinance such purchases and are secured by a pledge of the common shares of the Company.

11. TRANSFER AGENT, REGISTRAR AND TRUSTEE

Canadian Stock Transfer Company Inc., located at 320 Bay Street, 3rd floor, Toronto, Ontario, M5H 4A6, is the transfer agent and registrar of the Shares.

BNY Trust Company of Canada, located at 320 Bay Street, 11th Floor, Toronto, Ontario, M5H 4A6 is the registrar and debenture trustee of the Senior Secured Debentures and Convertible Secured Debentures.

12. MATERIAL CONTRACTS

The following lists the material contracts that the Company has entered into during its most recently completed financial year or before its most recently completed financial year and are still in effect:

- (a) New ABL Facility (see section 2.2.1 – The Refinancing Transactions);
- (b) the Convertible Secured Indenture (see section 2.2.1 – The Refinancing Transactions);
- (c) the Senior Secured Indenture (see section 2.2.1 – The Refinancing Transactions);
- (d) the QM Asset Sale Agreement (see section 2.2.2 – Sale of Assets of Quantum Murray LP);
- (e) the Backstop Commitment Letter (see section 2.2.1 – The Refinancing Transactions);
- (f) the Purchase Agreement (see section 2.2.1 – The Refinancing Transactions);
- (g) the Rights Plan (see 2.2.7 – Shareholder Rights Plan);

Copies of the foregoing documents are available on the Company's profile on SEDAR at www.sedar.com.

13. INTEREST OF EXPERTS

The Company's independent external auditors are Ernst & Young LLP, 222 Bay Street, P.O. Box 251, Toronto, Ontario M5K 1J7. Ernst & Young LLP has audited the consolidated financial statements of the Company for the financial year ended December 31, 2015, and has issued an audit report to the Company with respect to such financial statements. Ernst & Young LLP is independent of the Company in accordance with the requirements of the Ontario Institute of Chartered Accountants.

14. ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's management information circular prepared in connection with the Company's most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for its financial year ended December 31, 2015.

APPENDIX A

AUDIT COMMITTEE CHARTER

Purpose and Authority

The primary function of the audit committee of the Company (the “**Audit Committee**”) is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information that will be provided to shareholders and others, the systems of internal controls that management and the Board have established, and the Company’s and its subsidiaries’ audit and financial reporting process.

The external auditor’s ultimate responsibility is to the Board and the Audit Committee, as representatives of the Company and its shareholders.

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities outlined in this Charter. The Audit Committee is given full access to Management and records and its external auditor(s) as necessary to carry out these responsibilities.

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties as outlined in this Charter, and to set the compensation for any such advisors so employed by the Audit Committee.

The Board may at any time amend or rescind any of the provisions hereof or cancel them entirely with or without substitution.

Composition and Qualification

The Audit Committee will be comprised of three (3) or more directors of the Board, all of whom will be an independent director, in conformity with the laws, regulations and listing requirements to which the Company is subject.

Each member of the Audit Committee will serve only at the pleasure of the Board and, in any event, only so long as he or she shall be an independent director. The Board may fill vacancies in the Audit Committee by appointment, and if and whenever a vacancy shall exist in the Audit Committee, the remaining members may exercise all of its powers so long as a quorum remains in office.

All members of the Audit Committee shall be financially literate and thus be able to read and understand a set of financial statements that have a level of complexity of accounting that is comparable to that of the Company’s financial statements. At least one (1) member of the Audit Committee will have accounting or related financial expertise. This could include past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including serving as or having served as a chief executive officer, chief financial officer or other senior officer of an entity with financial oversight responsibilities.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

- (a) review and recommend to the Board for approval:
- the Company’s financial statements and its Annual Information Form, Management’s Discussion & Analysis reports, news releases and any earnings guidance and all public disclosure documents containing audited or unaudited financial information before release;
 - recommendations of the external auditor(s) for strengthening internal controls to ensure that processes are in place to mitigate or eliminate risks associated with financial reporting and cash management for the Company as well as the response of Management to these recommendations;

- ensure adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the disclosure referred to above, and periodically assess the adequacy of these procedures.
- (b) review with Management all significant variances between comparative reporting periods in any financial statements of the Company, including variances in forecasted financial information from actual results which may have been included in any public documents of the Company;
 - (c) meet periodically with the external auditor(s) and at least once a year meet in confidence with the external auditor(s) and report to the Board on such meetings including the nature of the external auditor's recommendations and assume direct responsibility for overseeing the work of the external auditor(s);
 - (d) make recommendations to the Board as to the reappointment or appointment of the external auditor(s) and the nomination and remuneration of the external auditor(s) on an annual basis;
 - (e) if a change in external auditor(s) is proposed, the Audit Committee will inquire as to the reasons for the change, including the response of the incumbent external auditor(s) and inquire as to the qualifications of the newly proposed external auditor(s) before making its recommendation to the Board;
 - (f) (i) review the audit plans of the external auditor(s) and report to the Board any significant reservations the Audit Committee may have or the external auditor(s) have expressed with respect to such arrangements or scope; and (ii) review with the external auditor(s) the degree of coordination of those plans and inquire as to the extent the planned audit scope can be relied upon to detect weaknesses in internal controls;
 - (g) (i) review Management programs and policies regarding the adequacy of internal controls over the accounting and financial reporting systems within the Company; (ii) meet with appropriate officers of the Company to discuss the effectiveness of the internal control and information security procedures established for the Company; and (iii) receive reports relating to the control environment in connection with the trading activities of the Company;
 - (h) receive reports relating to compliance by the Corporation with the legal and regulatory obligations applicable to it;
 - (i) (i) review Management plans regarding any changes in accounting practices or policies and the financial impact thereof; and (ii) review any major areas of Management judgement and estimates that have significant effect upon the financial statements of the Company;
 - (j) review with Management, the external auditor(s) and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a materially adverse effect upon the financial position or operating result of the Company, and the manner in which these matters have been disclosed in the financial statements of the Company;
 - (k) review and pre-approve any non-audit related services provided by the external auditor(s) of the Company and the fees related thereto. Review and confirm the independence of the external auditor(s) by obtaining statements from such external auditor(s) on relationships between the external auditor(s) and the Company, including non-audit services, and discussing the relationships with the external auditor(s);
 - (l) review the basis and amount of the external auditor's fees in light of the number and nature of reports issued by the external auditor(s), the quality of the internal controls, the size, complexity and financial condition of the Company and the extent of support provided to the

external auditor(s) and to review all other non-audit fees of the external auditor(s) and other accounting firms;

- (m) report annually to the shareholders, describing the Audit Committee's composition, responsibilities and how they were discharged, and any other information required;
- (n) perform other activities related to this charter as requested by the Board;
- (o) establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, including a violation of the Company's Code of Business Ethics;
- (p) review and assess the adequacy of the Audit Committee Charter annually, requesting Board approval for proposed changes;
- (q) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor(s);
- (r) confirm to the Board annually that all responsibilities outlined in this Charter have been carried out; and
- (s) evaluate the Audit Committee's and individual members' performance on a regular basis.

Meetings

A quorum for the transaction of business of the Audit Committee shall consist of two members of the Audit Committee.

The Audit Committee will meet on a quarterly basis and will hold special meetings if circumstances require. The time of the meetings shall be determined by the Audit Committee.

The time and place for meetings of the Audit Committee and procedures at such meetings shall be determined from time to time by the Audit Committee. The Secretary of the Company shall, upon request of the Chairman of the Audit Committee, any member of the Audit Committee, the external auditor(s) , the Chief Executive Officer or Chief Financial Officer of the Company, call a meeting of the Audit Committee by letter, telephone, fax, telegram or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

Any member of the Audit Committee may participate in the meeting of the Audit Committee by means of conference telephone or other communication equipment and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

The Audit Committee shall keep minutes of its meetings which shall be submitted to the Board.

One of the members of the Audit Committee shall be elected as its Chairman by the Audit Committee or the Board and the Audit Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

The Audit Committee may invite such officers and employees of the Company and the external auditor(s) of the Company as it may see fit, from time to time, to attend meetings of the Audit Committee.