

Zedcor Energy's liquidity still a concern with short-term loan and downsized operations

| PRO FORMA CAPITAL STRUCTURE (CADm) | | | | | | | | |
|---|-----------------|----------|-----------------------|--------|-----------------------------|--------------------|-----------------------------|--------------|
| Instrument | Coupon | Maturity | Face Amt Out 31 March | Adj. | Pro Forma Face as of 10 May | Est. Cash Interest | Rating | LTM Leverage |
| Revolving Credit Facility (CAD 20.1m maximum) | P + 3.00%-6.00% | 2017 | 21.0 | (21.0) | - | | | |
| Term Loan (ABL) | 12.75% | Apr-2018 | | 20.4 | 20.4 | 2.6 | | |
| Operating Loan Facility (CAD 1.0m) | P + 3.3% | | | | | | | |
| Total Debt | | | 21.0 | | 20.4 | 2.6 | | 8.2x |
| Cash & Cash Equivalents | | | 1.4 | | 1.4 | | | |
| Net Debt | | | | | 19.0 | | | 7.6x |
| Preferred Stock | | | | | 2.9 | | | |
| Market Cap | | | | | 10.5 | | | |
| Enterprise Value (EV) | | | | | 32.3 | | | |
| LTM Adj. EBITDA | | | 2.5 | | | | EV / LTM Adj. EBITDA | 12.9x |
| FY17 E Adj. EBITDA | | | 0.3 | | | | | |

Sources: Company reports, company filings, CapIQ, DW estimates.

DW calculated adjusted EBITDA is used in the capital structure table and quick comps, except when noted

OVERVIEW

Zedcor Energy Inc. (ZDC) provides oilfield rental equipment and accommodations to the drilling segment of the oilfield industry in Western Canada. Its services mostly involve surface and accommodation rentals. Its rental fleet includes pipe racks, generators, light towers, rig matting, trash pumps, storage tanks and office trailers.

ZDC was previously in a forbearance expiring 28 April with its former revolver lender group, led by Canadian Imperial Bank of Commerce (CIBC) and ATB Financial, after failing to comply with its leverage and interest coverage covenants and formerly negotiating a one-year maturity extension. As reported by Debtwire, ZDC hired Ernst & Young Canada and the CIBC-led group hired Knightsbridge Capital Group. On 28 April, ZDC reached a CAD 20.4m loan agreement with Maynbridge Capital Inc. (affiliated with Knightsbridge) and repaid the former lenders in full. As part of the Maynbridge deal, the company also issued warrants (exercise price of CAD 0.25 per share, expiring 90 days after maturity date of loan) and a board seat.

For the TTM period ended 31 March, ZDC generated CAD 11.7m in revenue and CAD 2.5m in Debtwire calculated adjusted EBITDA, operating at a net-leverage of 7.6x. In 1Q17, there was a slight YoY improvement in drilling activity but pricing pressures largely offset any benefits. Revenues for 1Q17 increased 34% YoY to CAD 4.4m, resulting from a slight increase in demand and rates. Adjusted EBITDA for the quarter increased 9% YoY to CAD 1.2m. In FY16, the company saw historically low rates for its services. For the year, adjusted for discontinued operations, revenues decreased 39% YoY to CAD 10.6m and company stated adjusted EBITDA decreased by 73% to CAD 2.3m. The company's stock is down 48% YoY and is currently trading at CAD 0.21 per share, for a market capitalization of CAD 10.5m.

Although the company was able to successfully refinance its credit facility, it's still left with a temporary, high interest-bearing capital structure and insufficient liquidity. Also, as a result of the current downturn in the Canadian oil market and the company's capital structure challenges, management downsized the business significantly in order to delever, only a few years after expansion efforts. In 2016, the company operated through three segments: energy services, general rentals and waste management. In an effort to place a greater focus on its core energy rentals division, while concurrently reducing leverage, the company sold its waste management segment (for CAD 12m) and general rentals segment (for CAD 8.5m) in December 2016 and February 2017, respectively. As of 1Q17, the company has one operating segment, energy services. The company has reduced its net debt by ~CAD 24.5m in the last twelve months.

The Canadian oilfield market remains relatively weak for energy services providers, despite the moderate improvement in the overall commodity environment over the past year. Pricing pressure remains very high in the area and management also noted the entry of some new competitors. We are expecting ~flat revenue for the rest of FY17, driven by a possible discontinuation of the marginal demand increases that the company observed in 1Q17, resulting from a decrease in commodity prices since April. For the near term, we see limited upside in revenue and profitability, due to the aggressive pricing measures in the market, high concentration risk and the typical seasonality/weather risks associated with the region. In order to diversify revenues and increase utilization, Zedcor is making an effort to expand its midstream construction service offerings.

The parent company acquired Zedcor in February 2016 for CAD 21m, including net debt. In June 2016, the company received shareholder approval for the name change from CERF Incorporated to Canadian Equipment Rentals Corp, in order to reflect its expansion efforts. However, since then, the company has downsized and received shareholder approval (on 27 June) to change the name of the parent company to Zedcor Energy Inc., its only operating entity. In February, CEO Artie Kos left the company and Brad Munro was appointed Interim CEO.

CAPITAL STRUCTURE & LIQUIDITY

Pro-forma for the refinancing transaction, ZDC's debt structure is comprised solely of the 12.75% CAD 20.4m asset-based term loan expiring in April 2018. At the satisfaction of the lender, the term may be extend for an additional 12 months. The loan requires six months of interest only payments, followed by six months of blended principal and interest payments. With a cov-lite structure, the company is not required to comply with any financial covenants under the ABL. However, the ABL imposes restrictions on the loan's collateral, which could limit the company's flexibility with the use of any proceeds from asset sales.

Considering the current cash burn of CAD 2.5m LTM, and total liquidity of CAD 2.4m, with CAD 1.4m cash and CAD 1m under operating credit facility, liquidity is an immediate concern; especially with a CAD 20.4m maturity in April 2018. In our base case, we model a ~CAD 3.0m pre-working capital cash burn in FY17, which the company may not be able to sustain. The company obtained a CAD 1m operating facility in May 2017, which could help improve liquidity, but only on a very limited basis, given the size. Furthermore, access to the operating facility is restricted based on ratio requirements.

BUSINESS DESCRIPTION

Zedcor Energy Inc.(ZDC) is an equipment rentals company providing services to the oil and natural gas drilling and production sector in Central and Northern Alberta, and in British Columbia.

RECENT COVERAGE & USEFUL LINKS

[Click here for the Excel model](#)

[Click Here for Debtwire Coverage](#)

ISSUER SUMMARY

| | |
|-------------------------|-----------------|
| Country | Canada |
| Universe | Distressed |
| Sector | Energy Services |
| Total Assets (millions) | CAD 67.3 |
| Total Debt (millions) | CAD 21.0 |
| Issuer Rating | - |
| Ticker | ZDC |
| Share Price | CAD 0.21 |
| Market Cap (millions) | CAD 10.5 |

Source: Company filings

PF LIQUIDITY as of 1Q17 (CADm)

| | |
|---------------------------------|-----|
| Cash & Cash Equivalents | 1.4 |
| Operating Facility Availability | 1.0 |

FINANCIAL SUMMARY

| CADm | FY15 | FY16 | TTM |
|---------------------|-------|-------|-------|
| Revenue | 46.5 | 10.6 | 11.7 |
| Adj. EBITDA | 10.9 | 2.3 | 2.5 |
| Adj. EBITDA Margin | 23.5% | 22.1% | 21.3% |
| Operating Cash Flow | 13.1 | 0.8 | (0.4) |
| Capex | 6.9 | 2.1 | 2.1 |
| Free Cash Flow | 6.2 | (1.3) | (2.5) |
| Debt/Adj. EBITDA | 2.9x | 12.4x | 8.4x |

Source: Company filings, Debtwire Adj. EBITDA

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MID-MARKET RESEARCH | NORTH AM.

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OVERVIEW (CONTINUED FROM PAGE 1)

In order to preserve cash, ZDC has significantly cut capital expenditures to essentially projects where replacement or repair of the asset is required.

HYPOTHETICAL LIQUIDATION ANALYSIS

Given its thin liquidity, extremely small size (and assets), and the limited outlook for improvement in the Canadian oil landscape, ZDC's capacity to sustain its current debt level is moderate, in our view. In our asset-based valuation, the ABL receives a 111% recovery in a base case, and a 67% to 178% recovery in a low-to-high case scenario. Management estimates that Zedcor's fleet has an average age of approximately three years. With very limited cash flow to support asset purchases and/or asset improvements, upside in asset value may be more limited (than the potential downside) considering the current conditions and outlook.

HYPOTHETICAL LIQUIDATION ANALYSIS

| Balance Sheet | 1Q17 | Assumed Recovery | | | Liquidation Value | | |
|------------------------------|-------------|---------------------------|------|------|-------------------|-------------|-------------|
| | | Low | Base | High | Low | Base | High |
| CADm | | | | | | | |
| Current Assets | | | | | | | |
| Cash | 1.4 | 100% | 100% | 100% | 1.4 | 1.4 | 1.4 |
| Accounts Receivables | 3.1 | 20% | 35% | 50% | 0.6 | 1.1 | 1.6 |
| Income Taxes Recoverable | 0.8 | 0% | 0% | 0% | 0.0 | 0.0 | 0.0 |
| Prepaid Expenses and Deposit | 0.5 | 0% | 0% | 20% | 0.0 | 0.0 | 0.1 |
| Restricted Cash | 1.1 | 100% | 100% | 100% | 1.1 | 1.1 | 1.1 |
| Total Current Assets | 6.9 | | | | 3.2 | 3.6 | 4.2 |
| Non Current Assets | | | | | | | |
| Property and Equipment | 45.2 | 25% | 45% | 75% | 11.3 | 20.3 | 33.9 |
| Deferred Income Taxes | 7.3 | 0% | 0% | 0% | 0.0 | 0.0 | 0.0 |
| Intangible and Goodwill | 7.3 | 0% | 5% | 15% | 0.0 | 0.4 | 1.1 |
| Restricted Cash | 0.6 | 100% | 100% | 100% | 0.6 | 0.6 | 0.6 |
| Total Assets | 67.3 | | | | 15.1 | 24.9 | 39.8 |
| | | Recovery on Assets | | | 22% | 37% | 59% |
| General Unsecureds | 5.6 | | | | | | |

| Waterfall (Liquidation Scenario) | | Recovery Rates | | |
|----------------------------------|------|----------------|--------|--------|
| | | Low | Base | High |
| Admin cost (% of asset value) | 9% | | | |
| <i>Est. Amount Out @ 1Q17</i> | | | | |
| Term Loan (ABL) | 20.4 | 67.2% | 111.2% | 177.5% |
| General Unsecureds | 5.6 | 0.0% | 40.9% | 283.3% |
| Preferred Stock | 2.9 | 0.0% | 0.0% | 356.9% |
| Equity-Market Cap | 10.5 | 0.0% | 0.0% | 70.1% |
| Remaining, after paying | | | | |
| Admin cost (% of asset value) | | 13.7 | 22.7 | 36.2 |
| Term Loan (ABL) | | (6.7) | 2.3 | 15.8 |
| General Unsecureds | | (12.3) | (3.3) | 10.2 |
| Preferred Stock | | (15.1) | (6.2) | 7.4 |
| Equity-Market Cap | | (25.6) | (16.7) | (3.1) |

COMPARABLE COMPANY ANALYSIS

| USDm | Company Comp Set | | | | | | | | | | | | |
|---------------------------------------|-------------------|---------------------|-------------------------|--------------------|-------------------|-----------------------|----------------------|----------------------------|---------------------------------|--------------------------------|--|--|--|
| | Market Cap | LTM Net Debt | Enterprise Value | LTM Revenue | LTM EBITDA | EV/Revenue LTM | EV/EBITDA LTM | LTM EBITDA Margin % | NTM Revenue (Capital IQ) | NTM EBITDA (Capital IQ) | NTM EV/Forward Revenue | NTM TEV/Forward EBITDA | |
| Black Diamond Group Limited (TSX:BDI) | 106.6 | 81.0 | 190.6 | 104.5 | 19.1 | 1.8x | 10.0x | 18.3% | 122.4 | 34.8 | 1.6x | 5.5x | |
| Strad Energy Services Ltd. (TSX:SDY) | 56.8 | 14.0 | 70.8 | 64.2 | 6.4 | 1.1x | 11.1x | 10.0% | 110.0 | 22.7 | 0.6x | 3.1x | |
| <u>WesternOne Inc. (TSX:WEQ)</u> | 19.6 | 35.3 | 54.9 | 55.0 | 3.8 | 1.0x | 14.4x | 6.9% | - | - | - | - | |
| Zedcor Energy Inc. (TSXV:ZDC) | 10.5 | 19.0 | 32.3 | 11.7 | 2.5 | 2.8x | 12.9x | 21.3% | 11.8 | 0.3 | 2.7x | 105.2x | |
| Summary Statistics | Market Cap | LTM Net Debt | Enterprise Value | LTM Revenue | LTM EBITDA | EV/Revenue LTM | EV/EBITDA LTM | LTM EBITDA Margin % | NTM Revenue (Capital IQ) | NTM EBITDA (Capital IQ) | NTM EV/Forward Revenue (Capital IQ) | NTM TEV/Forward EBITDA (Capital IQ) | |
| Peer Mean | 61.0 | 43.4 | 105.4 | 74.6 | 9.8 | 1.3x | 11.8x | 11.7% | 116.2 | 28.7 | 1.1x | 4.3x | |

CASH FLOW (BURN) MODEL

Cash Flow (Burn) Model

Case Selected: *Base Case*

| CADm | Cont. Ops | | | Projection Period | | | | | | |
|--|-------------|---------------|---------------|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | FY14 | FY15 | FY16 | 1Q17 | 2Q17 | 3Q17 | 4Q17 | FY17 | FY18 | FY19 |
| Revenue | 58.0 | 46.5 | 10.6 | 4.4 | 1.5 | 2.4 | 3.4 | 11.8 | 12.9 | 15.0 |
| % growth YoY | | -19.8% | | 34.2% | 2.0% | 0.0% | 0.0% | 10.9% | 10.0% | 16.0% |
| Direct Expenses | | | | | | | | | | |
| Direct Operating Costs | 27.9 | 27.2 | 4.6 | 1.8 | 0.6 | 1.0 | 1.4 | 4.7 | 5.2 | 6.0 |
| % of Revenue | 48.1% | 58.6% | 43.7% | 40.2% | 40.2% | 40.2% | 40.2% | 40.2% | 40.2% | 40.2% |
| Cost of sales of Equipment, Fuel and Parts | 4.9 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation of Equipment | 7.8 | 10.8 | 7.7 | 1.5 | 1.5 | 1.5 | 1.5 | 6.1 | 6.1 | 6.1 |
| Operating Expenses | | | | | | | | | | |
| General and Administrative | 6.7 | 7.4 | 7.6 | 1.8 | 1.8 | 1.8 | 1.8 | 7.2 | 7.3 | 7.6 |
| Depreciation of other Property and Equipment | 0.2 | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| Amortization of Intangible Assets | 1.2 | 1.9 | 0.7 | 0.2 | 0.2 | 0.2 | 0.2 | 0.7 | 0.7 | 0.7 |
| Impairment of PP&E | 0.0 | 0.0 | 7.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Impairment of Goodwill & Intangibles | 0.0 | 26.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Business Acquisition Expenses | 0.4 | 0.1 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| DW Calc. Operating income (loss) | 8.8 | (30.0) | (18.5) | (0.9) | (2.6) | (2.1) | (1.5) | (7.1) | (6.5) | (5.5) |
| Operating Income Margin | 15.2% | -64.5% | -174.4% | -19.6% | -175.6% | -88.8% | -42.6% | -60.2% | -49.9% | -36.8% |
| (+) Depreciation | 7.9 | 11.1 | 7.9 | 1.6 | 1.6 | 1.6 | 1.6 | 6.2 | 6.2 | 6.2 |
| (+) Amortization & Impairments | 1.2 | 28.5 | 8.5 | 0.2 | 0.2 | 0.2 | 0.2 | 0.7 | 0.7 | 0.7 |
| (+) Stock-based Compensation | 0.1 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| (+) Business Acquisition Costs | 0.4 | 0.1 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (+) Severance Costs | 0.0 | 1.1 | 1.7 | 0.4 | 0.0 | 0.0 | 0.0 | 0.4 | 0.4 | 0.4 |
| (+) Discontinued Operation | 0.0 | 0.0 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| DW Calc. Adj. EBITDA | 18.5 | 10.9 | 2.3 | 1.2 | (0.9) | (0.3) | 0.3 | 0.3 | 0.9 | 1.9 |
| Adj. EBITDA Margin | 32.0% | 23.5% | 22.1% | 27.9% | -58.2% | -14.7% | 8.5% | 2.6% | 7.1% | 12.4% |
| Free Cash Flow: | | | | | | | | | | |
| DW Calc. Adj. EBITDA | | | | | | | | | | |
| (-) Interest Expense | 1.9 | 1.9 | 1.0 | 0.6 | 0.7 | 0.7 | 0.7 | 2.6 | 2.6 | 2.6 |
| (-) Capital Expenditures | 16.1 | 6.9 | 2.1 | 0.2 | 0.1 | 0.2 | 0.2 | 0.7 | 2.0 | 3.5 |
| FCF (exc. NWC) (before asset sales and business acquisitions) | 0.6 | 2.1 | (0.8) | 0.4 | (1.6) | (1.1) | (0.6) | (3.0) | (3.7) | (4.2) |
| Beginning Cash | | | | | 1.4 | (0.2) | (1.3) | | (1.9) | (5.6) |
| (+) FCF (exc. NWC) | | | | | (1.6) | (1.1) | (0.6) | | (3.7) | (4.2) |
| Ending Cash (cash before financing activities) | | | | | (0.2) | (1.3) | (1.9) | | (5.6) | (9.8) |
| Credit Summary: | | | | | | | | | | |
| Total Debt | 30.5 | 31.5 | 29.0 | 21.0 | 21.0 | 21.0 | 21.0 | | 21.0 | 21.0 |
| TTM Adj. EBITDA | 18.5 | 10.9 | 2.3 | 2.5 | 1.3 | 0.5 | 0.3 | | 0.9 | 1.9 |
| Debt/TTM Adj. EBITDA | 1.6x | 2.9x | 12.4x | 8.4x | 15.8x | 40.2x | 68.2x | | 22.7x | 11.3x |

FINANCIAL SUMMARY (ANNUAL)

| Income Statement | | | |
|--|--------------------------|--------------------------|--------------------------|
| For the Fiscal Period Ending ^(a) | 12 months Dec-31-2014 | 12 months Dec-31-2015 | 12 months Dec-31-2016 |
| Currency | CAD | CAD | CAD |
| Units | Thousands | Thousands | Thousands |
| Revenues | | | |
| Revenues | 57,967.0 | 17,438.0 | 10,598.0 |
| Expenses | | | |
| Direct Expenses | (27,872.0) | (10,364.0) | (4,632.0) |
| Cost of Sales of Equipment, Fuel and Parts | (4,944.0) | (28.0) | - |
| General and Administrative | (6,731.0) | (3,758.0) | (7,607.0) |
| Depreciation of Other Property and Equipment | (159.0) | (98.0) | (186.0) |
| Depreciation of Operating and Rental Equipment | (7,756.0) | (6,021.0) | (7,701.0) |
| Amortization of Intangible Assets | (1,230.0) | (1,427.0) | (661.0) |
| Impairment of Goodwill and Intangibles | - | (26,529.0) | - |
| Impairment of Property and Equipment | - | - | (7,822.0) |
| Purchase Gain | - | - | 2,664.0 |
| Finance Costs | (1,875.0) | (397.0) | (1,046.0) |
| Loss on Sales of Equipment | - | - | (9,878.0) |
| Business Acquisition Expenses | (437.0) | (62.0) | (472.0) |
| Earnings before Taxes | 6,963.0 | (31,246.0) | (26,743.0) |
| Taxes and Other Expenses | | | |
| Provision for Income Tax | (1,225.0) | 307.0 | 50.0 |
| Provision for Income Tax | (665.0) | 1,419.0 | 7,076.0 |
| Earnings of Discontinued Operations | - | (532.0) | (5,013.0) |
| Net Income (Loss) | 5,073.0 | (30,052.0) | (24,630.0) |
| Supplementary Info | | | |
| Gross Profit/loss | 17,395.0 | 1,025.0 | (1,735.0) |
| Basic EPS - Continuing Operations | 0.2 | (0.8) | (0.5) |
| Basic EPS - Discontinued Operations | - | (0.0) | (0.1) |
| Basic Earnings Per Share – Total | - | (0.8) | (0.6) |
| Diluted EPS - Continuing Operations | 0.2 | (0.8) | (0.5) |
| Diluted EPS - Discontinued Operations | - | (0.0) | (0.1) |
| Diluted Earnings Per Share – Total | - | (0.8) | (0.6) |

FINANCIAL SUMMARY (ANNUAL)

| Balance Sheet | | | |
|--|--------------------|--------------------|--------------------|
| Balance Sheet as of: | Dec-31-2014 | Dec-31-2015 | Dec-31-2016 |
| Currency | CAD | CAD | CAD |
| Units | Thousands | Thousands | Thousands |
| Current Assets | | | |
| Cash | 1,603.0 | 3,327.0 | 2,955.0 |
| Accounts Receivables | 15,992.0 | 5,626.0 | 2,830.0 |
| Income Taxes Recoverable | 171.0 | 1,187.0 | 986.0 |
| Inventory | 1,974.0 | 1,594.0 | - |
| Prepaid Expenses and Deposit | 1,084.0 | 945.0 | 643.0 |
| Restricted Cash | 2,000.0 | - | 1,200.0 |
| Asset Held for Sale | - | - | 8,381.0 |
| Total Current Assets | 22,824.0 | - | - |
| Non Current Assets | | | |
| Property and Equipment | 83,190.0 | 77,315.0 | 46,531.0 |
| Deferred Income Taxes | - | - | 6,617.0 |
| Intangible and Goodwill | 38,307.0 | 9,854.0 | 7,506.0 |
| Total Assets | 144,321.0 | 99,848.0 | 77,649.0 |
| Current Liabilities | | | |
| Accounts Payable and Accrued Liabilities | 7,289.0 | 2,164.0 | 1,794.0 |
| Current Portion of Long-term Debt | 1,000.0 | 1,000.0 | 29,041.0 |
| Current Portion of Finance Leases | 302.0 | 273.0 | - |
| Dividend Payable | 2,173.0 | 728.0 | - |
| Liabilities Held-for-sale | - | - | 545.0 |
| Contingent Consideration | 2,000.0 | - | - |
| Total Current Liabilities | 12,764.0 | 4,165.0 | 31,380.0 |
| Non Current Liabilities | | | |
| Long-term Debt | 29,500.0 | 30,500.0 | - |
| Notes Payable | - | - | 4,149.0 |
| Obligations Under Capital Leases | 3,851.0 | - | - |
| Obligations Under Finance Leases | - | 3,577.0 | - |
| Deferred Income Taxes | 1,561.0 | 339.0 | - |
| Preferred Stock Convertible | - | - | 2,864.0 |
| Shareholders' Equity | | | |
| Common Stock - Par Value | 102,350.0 | 102,610.0 | 105,071.0 |
| Additional Paid in Capital | 873.0 | 1,024.0 | 1,160.0 |
| Deficit | - | (42,345.0) | (66,975.0) |
| (Deficit) Retained Earnings | (6,485.0) | - | - |
| Share Purchase Loan Receivable | (93.0) | (22.0) | - |
| Total Shareholders Equity | 96,645.0 | 61,267.0 | 42,120.0 |
| Total Liabilities & Shareholders Equity | 144,321.0 | 99,848.0 | 77,649.0 |

FINANCIAL SUMMARY (ANNUAL)

| Cash Flow | | | |
|--|--------------------------|--------------------------|--------------------------|
| For the Fiscal Period Ending [Ⓜ] | 12 months Dec-31-2014 | 12 months Dec-31-2015 | 12 months Dec-31-2016 |
| Currency | CAD | CAD | CAD |
| Units | Thousands | Thousands | Thousands |
| Operating Activities | | | |
| Net Income | 5,073.0 | - | - |
| Net Loss from Continuing Operations | - | (29,520.0) | (19,617.0) |
| Depreciation. of Property and Equipment | 8,103.0 | 6,150.0 | 7,888.0 |
| Amortization of Intangible Assets | 1,230.0 | 1,427.0 | 661.0 |
| Gain/loss on Disposal of Property and Equipment | (188.0) | (31.0) | 9,878.0 |
| Impairment of Property and Equipment | - | - | 7,822.0 |
| Impairment of Goodwill | - | 26,529.0 | - |
| Purchase Gain | - | - | (2,664.0) |
| Stock based Compensation | 107.0 | 151.0 | 136.0 |
| Deferred Income Taxes | 1,225.0 | (1,419.0) | (7,076.0) |
| Income Taxes (Paid) Recovered | - | 745.0 | 492.0 |
| Gain on Sale of Operating Segment | - | - | (855.0) |
| Cash Flow from (used By) Discontinued Operating Activities | - | 6,182.0 | 4,349.0 |
| Changes in Non-cash Working Capital | (2,445.0) | 2,886.0 | (247.0) |
| Cash Flow from Operating Activities | 13,105.0 | 13,100.0 | 767.0 |
| Investing Activities | | | |
| Purchase of Property and Equipment | (16,057.0) | (2,364.0) | (2,061.0) |
| Proceeds from Sale of Property and Equipment | 2,112.0 | 138.0 | 2,221.0 |
| Proceeds from Sale of Assets Held for Sale | - | - | 5,281.0 |
| Acquisitions | (21,501.0) | - | - |
| Repayment of Debt Assumed on Business Acquisition | - | - | (12,789.0) |
| Proceeds from Sale of Operating Segment | - | - | 10,354.0 |
| Long-term Receivables | 222.0 | - | - |
| Change in Non-cash Working Capital Related to Investing Activities | (143.0) | 5.0 | 271.0 |
| CIQ Balancing Calc. - Investing Activities | - | - | (1.0) |
| Cash Flows Used in Discontinued Investing Activities | - | (2,930.0) | (318.0) |
| Cash Flow from Investing Activities | (35,367.0) | (5,151.0) | 2,958.0 |
| Financing Activities | | | |
| Proceeds from Long-term Debts | 36,600.0 | 2,000.0 | 12,900.0 |
| Repayment of Long-term Debt | (22,403.0) | (1,000.0) | (15,359.0) |
| Repayments of Obligation Under Capital Lease | (312.0) | (18.0) | (641.0) |
| Proceeds from Exercise of Warrants/options | 14,568.0 | - | - |
| Share-purchase Loans | 55.0 | 34.0 | - |
| Dividends Paid | (5,018.0) | (6,956.0) | (688.0) |
| Share Issue Cost | (182.0) | - | (56.0) |
| Cash Flows Used in Discontinued Financing Activities | - | (285.0) | (253.0) |
| Cash Flow from Financing Activities | 23,308.0 | (6,225.0) | (4,097.0) |
| Other Adjustments | | | |
| Cash Flow Net Changes in Cash | 1,046.0 | 1,724.0 | (372.0) |
| OCF-capex | (2,952.0) | 10,736.0 | (1,294.0) |

Source: CapIQ

FINANCIAL SUMMARY (QUARTERLY & TTM)

| Income Statement | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|
| For the Fiscal Period Ending ² | 3 months Mar-31-2016 | 3 months Jun-30-2016 | 3 months Sep-30-2016 | 3 months Dec-31-2016 | 3 months Mar-31-2017 | TTM Mar-31-2017 |
| Currency | CAD | CAD | CAD | CAD | CAD | CAD |
| Units | Thousands | Thousands | Thousands | Thousands | Thousands | Thousands |
| Revenues | 3,311.0 | 7,072.0 | 4,198.0 | 3,444.0 | 4,442.0 | 19,156.0 |
| Expenses | | | | | | |
| Direct Expenses | (1,108.0) | (4,353.0) | (2,312.0) | - | (1,785.0) | (8,450.0) |
| Cost of Sales of Equipment, Fuel and Parts | - | (178.0) | (127.0) | - | - | (305.0) |
| General and Administrative | (1,601.0) | (2,877.0) | (2,488.0) | - | (1,803.0) | (7,168.0) |
| Depreciation of Other Property and Equipment | (34.0) | (105.0) | (101.0) | - | (37.0) | (243.0) |
| Depreciation of Operating and Rental Equipment | (1,991.0) | (5,190.0) | (8,979.0) | - | (1,522.0) | (15,691.0) |
| Amortization of Intangible Assets | (165.0) | (220.0) | (165.0) | - | (165.0) | (550.0) |
| Impairment of Property and Equipment | (5,152.0) | (257.0) | (2,466.0) | (21.0) | - | (2,744.0) |
| Purchase Gain | 2,108.0 | 556.0 | - | - | - | 556.0 |
| Finance Costs | (194.0) | (762.0) | (463.0) | (327.0) | (714.0) | (2,266.0) |
| Loss on Sales of Equipment | - | - | - | (672.0) | - | (672.0) |
| Business Acquisition Expenses | (343.0) | (79.0) | (49.0) | - | - | (128.0) |
| Cost of Goods Sold | - | - | - | (3,435.0) | - | (3,435.0) |
| Depreciation | - | - | - | (2,932.0) | - | (2,932.0) |
| Amortization of Intangibles | - | - | - | (165.0) | - | (165.0) |
| Other Gains | - | 766.0 | - | - | - | 766.0 |
| Earnings before Taxes | (5,169.0) | (5,627.0) | (12,952.0) | (4,108.0) | (1,584.0) | (24,271.0) |
| Taxes and Other Expenses | | | | | | |
| Provision for Income Tax | (117.0) | 126.0 | (28.0) | 1,246.0 | 615.0 | 1,959.0 |
| Provision for Income Tax | 2,138.0 | 726.0 | 3,397.0 | - | - | 4,123.0 |
| Earnings of Discontinued Operations | (954.0) | - | - | (244.0) | (427.0) | (671.0) |
| Net Income (Loss) | (4,102.0) | (4,775.0) | (9,583.0) | (3,106.0) | (1,396.0) | (18,860.0) |
| Supplementary Info | | | | | | |
| Gross Profit/loss | 212.0 | (2,649.0) | (7,220.0) | - | 1,135.0 | (8,734.0) |
| Basic EPS - Continuing Operations | (0.1) | (0.1) | (0.2) | (0.1) | (0.0) | (0.5) |
| Basic EPS - Discontinued Operations | (0.0) | - | - | - | (0.0) | (0.0) |
| Basic Earnings Per Share – Total | - | - | (0.2) | - | - | (0.2) |
| Diluted EPS - Continuing Operations | (0.1) | (0.1) | (0.2) | (0.1) | (0.0) | (0.5) |
| Diluted EPS - Discontinued Operations | (0.0) | - | - | - | (0.0) | (0.0) |
| Diluted Earnings Per Share – Total | - | - | (0.2) | - | - | (0.2) |

FINANCIAL SUMMARY (QUARTERLY & TTM)

| Balance Sheet | | | | | |
|--|------------------|------------------|-----------------|-----------------|-----------------|
| Balance Sheet as of: | Mar-31-2016 | Jun-30-2016 | Sep-30-2016 | Dec-31-2016 | Mar-31-2017 |
| Currency | CAD | CAD | CAD | CAD | CAD |
| Units | Thousands | Thousands | Thousands | Thousands | Thousands |
| Current Assets | | | | | |
| Cash | 1,386.0 | 6,349.0 | 5,317.0 | 2,955.0 | 1,433.0 |
| Accounts Receivables | 7,356.0 | 5,087.0 | 3,539.0 | 2,830.0 | 3,141.0 |
| Income Taxes Recoverable | 1,069.0 | 24.0 | - | 986.0 | 751.0 |
| Inventory | 1,524.0 | 1,397.0 | 701.0 | - | - |
| Prepaid Expenses and Deposit | 962.0 | 730.0 | 900.0 | 643.0 | 483.0 |
| Restricted Cash | - | - | - | 1,200.0 | 1,100.0 |
| Asset Held for Sale | 3,659.0 | 1,174.0 | 14,923.0 | 8,381.0 | - |
| Total Current Assets | 15,956.0 | 14,761.0 | 25,380.0 | 16,995.0 | 6,908.0 |
| Non Current Assets | | | | | |
| Property and Equipment | 89,934.0 | 83,148.0 | 61,038.0 | 46,531.0 | 45,173.0 |
| Deferred Income Taxes | 1,207.0 | 1,933.0 | 5,125.0 | 6,617.0 | 7,250.0 |
| Intangible and Goodwill | 9,577.0 | 9,357.0 | 7,671.0 | 7,506.0 | 7,341.0 |
| Restricted Cash | - | - | - | - | 600.0 |
| Total Assets | 116,674.0 | 109,199.0 | 99,214.0 | 77,649.0 | 67,272.0 |
| Current Liabilities | | | | | |
| Accounts Payable and Accrued Liabilities | 2,896.0 | 2,817.0 | 1,607.0 | 1,794.0 | 1,312.0 |
| Current Portion of Long-term Debt | 44,150.0 | 800.0 | 43,800.0 | 29,041.0 | 20,971.0 |
| Current Portion of Finance Leases | 248.0 | 181.0 | 7.0 | - | - |
| Income Tax Payable | - | - | 20.0 | - | - |
| Liabilities Held-for-sale | - | - | 1,468.0 | 545.0 | - |
| Total Current Liabilities | 47,294.0 | 3,798.0 | 46,902.0 | 31,380.0 | 22,283.0 |
| Non Current Liabilities | | | | | |
| Long-term Debt | - | 43,200.0 | - | - | - |
| Notes Payable | 3,813.0 | 3,925.0 | 4,037.0 | 4,149.0 | 4,266.0 |
| Obligations Under Capital Leases | 3,526.0 | 535.0 | - | - | - |
| Preferred Stock Convertible | - | - | - | 2,864.0 | 2,864.0 |
| Shareholders' Equity | | | | | |
| Common Stock - Par Value | 107,481.0 | 107,935.0 | 107,935.0 | 105,071.0 | 105,071.0 |
| Additional Paid in Capital | 1,018.0 | 1,028.0 | 1,145.0 | 1,160.0 | 1,159.0 |
| Deficit | - | - | - | (66,975.0) | - |
| (Deficit) Retained Earnings | (46,447.0) | (51,222.0) | (60,805.0) | - | (68,371.0) |
| Share Purchase Loan Receivable | (11.0) | - | - | - | - |
| Total Shareholders Equity | 62,041.0 | 57,741.0 | 48,275.0 | 42,120.0 | 40,723.0 |
| Total Liabilities & Shareholders Equity | 116,674.0 | 109,199.0 | 99,214.0 | 77,649.0 | 67,272.0 |

FINANCIAL SUMMARY (QUARTERLY & TTM)

| Cash Flow | | | | | | |
|--|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|--------------------|
| For the Fiscal Period Ending | 3 months Mar-31-2016 | 6 months Jun-30-2016 | 9 months Sep-30-2016 | 12 months Dec-31-2016 | 3 months Mar-31-2017 | TTM Mar-31-2017 |
| Currency | CAD | CAD | CAD | CAD | CAD | CAD |
| Units | Thousands | Thousands | Thousands | Thousands | Thousands | Thousands |
| Operating Activities | | | | | | |
| Net Income | 0.0 | (8,877.0) | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Loss from Continuing Operations | (3,148.0) | 0.0 | (18,372.0) | (19,617.0) | (969.0) | (17,438.0) |
| Depreciation. of Property and Equipment | 2,030.0 | 6,715.0 | 8,504.0 | 7,888.0 | 1,528.0 | 7,386.0 |
| Amortization of Intangible Assets | 165.0 | 497.0 | 495.0 | 661.0 | 165.0 | 661.0 |
| Gain/loss on Disposal of Property and Equipment | (5.0) | 1,632.0 | 8,118.0 | 9,878.0 | 31.0 | 9,914.0 |
| Impairment of Property and Equipment | 5,152.0 | 5,409.0 | 7,875.0 | 7,822.0 | 0.0 | 2,670.0 |
| Purchase Gain | (2,108.0) | (2,664.0) | (2,664.0) | (2,664.0) | 0.0 | (556.0) |
| Stock based Compensation | (6.0) | 4.0 | 121.0 | 136.0 | (1.0) | 141.0 |
| Deferred Income Taxes | (2,138.0) | (3,215.0) | (6,580.0) | (7,076.0) | (615.0) | (5,553.0) |
| Income Taxes (Paid) Recovered | 0.0 | 1,171.0 | 1,171.0 | 492.0 | 0.0 | 492.0 |
| Gain on Sale of Operating Segment | 0.0 | 0.0 | 0.0 | (855.0) | (8.0) | (863.0) |
| Cash Flow from (used By) Discontinued Operating Activities | 285.0 | 0.0 | 199.0 | 4,349.0 | (8.0) | 4,056.0 |
| Changes in Non-cash Working Capital | 323.0 | 3,544.0 | 3,211.0 | (247.0) | (765.0) | (1,335.0) |
| Other Gains | 0.0 | (766.0) | (766.0) | 0.0 | 0.0 | 0.0 |
| Cash Flow from Operating Activities | 550.0 | 3,450.0 | 1,312.0 | 767.0 | (642.0) | (425.0) |
| Investing Activities | | | | | | |
| Purchase of Property and Equipment | (220.0) | (3,859.0) | (1,095.0) | (2,061.0) | (211.0) | (2,052.0) |
| Proceeds from Sale of Property and Equipment | 148.0 | 2,178.0 | 3,803.0 | 2,221.0 | 9.0 | 2,082.0 |
| Proceeds from Sale of Assets Held for Sale | 0.0 | 2,228.0 | 2,668.0 | 5,281.0 | 0.0 | 5,281.0 |
| Repayment of Debt Assumed on Business Acquisition | (12,789.0) | 0.0 | 0.0 | (12,789.0) | 0.0 | 0.0 |
| Proceeds from Sale of Operating Segment | 0.0 | 0.0 | 0.0 | 10,354.0 | 7,336.0 | 17,690.0 |
| Change in Non-cash Working Capital Related to Investing Activities | 889.0 | 235.0 | 207.0 | 271.0 | 69.0 | (549.0) |
| CIQ Balancing Calc. - Investing Activities | 0.0 | 0.0 | 0.0 | (1.0) | 0.0 | (1.0) |
| Cash Flows Used in Discontinued Investing Activities | 0.0 | 0.0 | 0.0 | (318.0) | 0.0 | (318.0) |
| Business Acquisitions | 0.0 | (12,789.0) | (12,789.0) | 0.0 | 0.0 | 0.0 |
| Cash-flow Used By Discontinued Investing Activities | (2,354.0) | 0.0 | (3,438.0) | 0.0 | (13.0) | 2,341.0 |
| Cash Flow from Investing Activities | (14,326.0) | (12,007.0) | (10,644.0) | 2,958.0 | 7,190.0 | 24,474.0 |
| Financing Activities | | | | | | |
| Proceeds from Long-term Debts | 12,900.0 | 12,900.0 | 12,900.0 | 12,900.0 | 0.0 | 0.0 |
| Repayment of Long-term Debt | (250.0) | (400.0) | (600.0) | (15,359.0) | (8,070.0) | (23,179.0) |
| Repayments of Obligation Under Capital Lease | (6.0) | 0.0 | 0.0 | (641.0) | 0.0 | (635.0) |
| Dividends Paid | (688.0) | (688.0) | (688.0) | (688.0) | 0.0 | 0.0 |
| Share Issue Cost | (51.0) | (56.0) | (56.0) | (56.0) | 0.0 | (5.0) |
| Cash Flows Used in Discontinued Financing Activities | 0.0 | 0.0 | 0.0 | (253.0) | 0.0 | (253.0) |
| Repayment of Obligation Under Finance Leases | 0.0 | (177.0) | (120.0) | 0.0 | 0.0 | 0.0 |
| Cash-flow Used By Discontinued Financing Activities | (70.0) | 0.0 | (114.0) | 0.0 | 0.0 | 70.0 |
| Cash Flow from Financing Activities | 11,835.0 | 11,579.0 | 11,322.0 | (4,097.0) | (8,070.0) | (24,002.0) |
| Other Adjustments | | | | | | |
| Cash Flow Net Changes in Cash | (1,941.0) | 3,022.0 | 1,990.0 | (372.0) | (1,522.0) | 47.0 |
| Source: CapIQ | | | | | | |
| OCF-capex | 330.0 | (409.0) | 217.0 | (1,294.0) | (853.0) | (2,477.0) |

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