UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

£ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

S **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013 Commission File Number 001-33161

NORTH AMERICAN ENERGY PARTNERS INC.

(Exact name of Registrant as specified in its charter)

Canada
(Province or other jurisdiction of incorporation or organization)
1629
(Primary Standard Industrial Classification Code Number (if applicable))
N/A
(I.R.S. Employer Identification Number (if applicable))
Zone 3, Acheson Industrial Area, 2-53016—Hwy. 60
Acheson, Alberta, T7X 5A7
(780) 960-7171
(Address and telephone number of Registrant's principal executive offices)
CT Corporation System
111 Eighth Avenue, 13th Floor
New York, New York 10011
(212) 894-8940
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares	Toronto Stock Exchange
	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

S Annual information form S Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

34,746,236 Common Shares

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x No £

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes x No £

ANNUAL INFORMATION FORM, AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual Information Form

The Registrant's Annual Information Form for the fiscal year ended December 31, 2013 is attached as Exhibit 99.1 to this Annual Report on Form 40-F and is incorporated herein by reference.

Audited Annual Consolidated Financial Statements

The Registrant's audited annual consolidated financial statements for the fiscal year ended December 31, 2013, including the report of the independent registered public accounting firm with respect thereto, are attached as Exhibit 99.2 to this Annual Report on Form 40-F and are incorporated herein by reference.

Management's Discussion and Analysis

The Registrant's Management's Discussion and Analysis for the fiscal year ended December 31, 2013 is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated herein by reference.

DISCLOSURES REGARDING CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Please see “Internal Systems and Processes—Evaluation of Disclosure Controls and Procedures” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2013, which is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated herein by reference.

Management’s Annual Report on Internal Control Over Financial Reporting

Please see “Internal Systems and Processes—Management’s Report on Internal Controls Over Financial Reporting (ICFR)” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2013, which is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated herein by reference.

Attestation Report of the Registered Public Accounting Firm

The attestation report of the independent registered public accounting firm on the effectiveness of the Registrant's internal control over financial reporting is included under the heading “Report of Independent Registered Public Accounting Firm” on pages 1 and 2 of Exhibit 99.2 to this Annual Report on Form 40-F, which attestation report is incorporated herein by reference.

Changes in Internal Control over Financing Reporting

Please see “Internal Systems and Processes—Material Changes to the Internal Controls over Financial Reporting” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2013, which is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated herein by reference.

NOTICES PURSUANT TO REGULATION BTR

None.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant’s board of directors has determined that Mr. Allen R. Sello, a member and the chairman of the Registrant’s audit committee, is an “audit committee financial expert” (as such term is defined by the rules and regulations of the Securities and Exchange Commission) and is “independent” (as such term is defined by the New York Stock Exchange’s listing standards applicable to the Registrant).

CODE OF ETHICS

The Registrant has adopted a “code of ethics” (as such term is defined by the rules and regulations of the Securities and Exchange Commission), entitled the “Code of Conduct and Ethics Policy”, that applies to all employees the Registrant, including its President and Chief Executive Officer, its Chief Financial Officer and its Vice President, Finance. The Code of Conduct and Ethics Policy is available for viewing on the Registrant’s website at www.nacg.ca under “Investor Relations—Corporate Governance”. There were not any amendments to any provision of the Code of Conduct and Ethics Policy during the fiscal year ended December 31, 2013 that applied to the Registrant’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Further, there were not any waivers, including implicit waivers, granted from any provision of the Code of Conduct and Ethics Policy during the fiscal year ended December 31, 2013 that applied to the Registrant’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

PRINCIPAL ACCOUNTANT FEES AND SERVICES AND PRE-APPROVAL POLICIES AND PROCEDURES

Please see “The Board and Board Committees” included in the Registrant’s Annual Information Form for the fiscal year ended December 31, 2013, which is attached as Exhibit 99.1 to this Annual Report on Form 40-F and is incorporated herein by reference.

OFF-BALANCE SHEET ARRANGEMENTS

Please see “Off-Balance Sheet Arrangements” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2013, which is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated herein by reference.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Please see “Capital Commitments—Contractual Obligations and Other Commitments” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2013, which is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated herein by reference.

IDENTIFICATION OF THE AUDIT COMMITTEE

Please see “The Board and Board Committees—Audit Committee” included in the Registrant’s Annual Information Form for the fiscal year ended December 31, 2013, which is attached as Exhibit 99.1 to this Annual Report on Form 40-F and is incorporated herein by reference.

NYSE CORPORATE GOVERNANCE RULES

The Registrant has reviewed the New York Stock Exchange’s corporate governance rules and confirms that the Registrant’s corporate governance practices are not significantly different from those required of domestic companies under the New York Stock Exchange’s listing standards.

MINE SAFETY DISCLOSURE

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States, and that is subject to regulation by the Federal Mine Safety and Health Administration (“MSHA”) under the Mine Safety and Health Act of 1977 (the “Mine Act”), are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the fiscal year ended December, 2013, the Registrant had no mines in the United States that were subject to regulation by the MSHA under the Mine Act.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Consent to Service of Process

The Registrant previously filed with the Commission a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the Registrant’s agent for service shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

/S/ Martin Ferron
Martin Ferron
President and Chief Executive Officer

Date: February 19, 2014

EXHIBIT INDEX

99.1	Annual Information Form for the fiscal year ended December 31, 2013.
99.2	Audited Annual Consolidated Financial Statements for the fiscal year ended December 31, 2013.
99.3	Management's Discussion and Analysis for the fiscal year ended December 31, 2013.
99.4	Consent of KPMG LLP.
99.5	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.
99.6	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.
99.7	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.8	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from North American Energy Partners Inc.'s audited Consolidated Financial Statements, formatted in XBRL (eXtensible Business Reporting Language) and furnished electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations and Comprehensive (Loss) Income; (iii) the Consolidated Statements of Changes in Shareholders' Equity; (iv) the Consolidated Statements of Cash Flows; and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text.

NOA

Exhibit 99.1



NORTH AMERICAN ENERGY PARTNERS INC.

ANNUAL INFORMATION FORM

February 19, 2014

NOA

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Annual Information Form

February 19, 2014

A. EXPLANATORY NOTES

The information in this Annual Information Form (AIF) is stated as at December 31, 2013*, unless otherwise indicated. For an explanation of the industry and company specific terms and expressions used in our documents, please refer to the "Glossary of Terms" at the end of this AIF. All references in this AIF to "we", "us", "NAEPI" or the "Company", unless the context otherwise specifies, mean North American Energy Partners Inc. and its Subsidiaries (as defined below). The financial information presented in this AIF has been prepared in accordance with United States (US) generally accepted accounting principles (GAAP). Except where otherwise specifically indicated, all dollar amounts are expressed in Canadian dollars. For additional information and details, readers are referred to the audited consolidated financial statements for the year ended December 31, 2013 and notes that follow, as well as the accompanying annual Management's Discussion and Analysis ("MD&A") which are available on the Canadian Securities Administrators' SEDAR System at* www.sedar.com*, the Securities and Exchange Commission's website at* www.sec.gov *and our company website at* www.nacg.ca.

Change of Financial Reporting Year-End

As announced on June 10, 2013, we have changed our reporting year-end to align with the calendar year-end of December 31st. In our audited consolidated financial statements and notes that follow for the year ending December 31, 2013, our transition year, we have presented results from January 1, 2013 to December 31, 2013 with comparative results recast from January 1 to December 31, 2012. References to annual results in this AIF reflect a discussion on activity from January 1 to December 31 of the relevant year.

Industry Data and Forecasts

This AIF includes industry data and forecasts that we have obtained from publicly available information, various industry publications, other published industry sources and our internal data and estimates. For example, information regarding actual and anticipated production as well as reserves and current and scheduled projects in the Canadian oil sands was obtained from the Energy Resources Conservation Board ("ERCB") and the Canadian Energy Research Institute. Information regarding historical capital expenditures in the oil sands was obtained from the Canadian Association of Petroleum Producers ("CAPP").

Industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although we believe that these publications and reports are reliable, we have not independently verified the data. Our internal data, estimates and forecasts are based upon information obtained from our customers, trade and business organizations and other contacts in the markets in which we operate and our management's understanding of industry conditions. Although we believe that such information is reliable, we have not had such information verified by any independent sources. References to barrels of oil related to the oil sands in this document are quoted directly from source documents and refer to both barrels of bitumen and barrels of bitumen that have been upgraded into synthetic crude oil, which is considered synthetic because its original hydrocarbon mark has been altered in the upgrading process. We understand that there is generally shrinkage of bitumen volumes of approximately 11% through the upgrading process according to the Canadian National Energy Board. We have not made any estimates or calculations with regard to these volumes and have quoted these volumes as they appeared in the related source documents.

Caution Regarding Forward-Looking Information

Our AIF is intended to enable readers to gain an understanding of our current results and financial position. To do so, we provide material information and analysis about our company and our business at a point in time, in the context of our historical and possible future development. Accordingly, certain sections of this report contain forward-looking information that is based on current plans and expectations. This forward-looking information is affected by risks, assumptions and uncertainties that could have a material impact on future prospects. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks, assumptions and uncertainties related to such information. Readers are cautioned that actual events and results may vary.

Non-GAAP Financial Measures

A non-GAAP financial measure is generally defined by the Securities and Exchange Commission (SEC) and by the Canadian securities regulatory authorities as one that purports to measure historical or future financial performance,

financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measures. In our MD&A, we use non-GAAP financial measures such as EBITDA which is "net income before interest expense, income taxes, depreciation and amortization", "Consolidated EBITDA" (as defined in our fifth amended and restated credit agreement, our "credit agreement"), "Piling Business EBITDA" and "backlog". Where relevant, particularly for earnings-based measures, we provide tables in this document that reconcile non-GAAP measures used to amounts reported on the face of the consolidated financial statements.

EBITDA and Consolidated EBITDA

Consolidated EBITDA is defined as EBITDA, excluding the effects of unrealized foreign exchange gain or loss, realized and unrealized gain or loss on derivative financial instruments, non-cash stock-based compensation expense, gain or loss on disposal of plant and equipment, the impairment of goodwill, the amendment related to the 2011 $42.5 million revenue write-down on the Canadian Natural[1] overburden removal contract and certain other non-cash items included in the calculation of net income.

We believe that EBITDA is a meaningful measure of the performance of our business because it excludes interest, income taxes, depreciation and amortization that are not directly related to the operating performance of our business. Management reviews EBITDA to determine whether plant and equipment are being allocated efficiently. In addition, our credit facility requires us to maintain both a minimum interest coverage ratio and a maximum senior leverage ratio and also identifies limits to our annual capital spend, all of which are calculated using Consolidated EBITDA. Non-compliance with these financial covenants could result in a requirement to immediately repay all amounts outstanding under our credit facility.

As EBITDA and Consolidated EBITDA are non-GAAP financial measures, our computations of EBITDA and Consolidated EBITDA may vary from others in our industry. EBITDA and Consolidated EBITDA should not be considered as alternatives to operating income or net income as measures of operating performance or cash flows as measures of liquidity. EBITDA and Consolidated EBITDA have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under US GAAP. For example, EBITDA and Consolidated EBITDA do not:

- reflect our cash expenditures or requirements for capital expenditures or capital commitments or proceeds from capital disposals;
- reflect changes in our cash requirements for our working capital needs;
- reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- include tax payments or recoveries that represent a reduction or increase in cash available to us; or
- reflect any cash requirements for assets being depreciated and amortized that may have to be replaced in the future.

Consolidated EBITDA excludes unrealized foreign exchange gains and losses and realized and unrealized gains and losses on derivative financial instruments, which, in the case of unrealized losses may ultimately result in a liability that may need to be paid and in the case of realized losses, represents an actual use of cash during the period.

Piling Business EBITDA

As part of the sale of our Piling related assets and liabilities, as discussed in "Significant Business Events - Divestiture of Piling Related Assets and Liabilities", we may receive contingent proceeds based on certain profitability thresholds being achieved from the use of the assets and liabilities sold. The calculation of the actual profitability performance, for the purpose of determining the contingent proceeds that we should receive, is defined in the purchase and sale agreement using substantially our definition of Consolidated EBITDA, as described above, as it applies to the Piling business with a limit placed on incremental corporate General & Administrative ("G&A") costs that can be included in the determination of such EBITDA (the "Piling Business EBITDA").

[1] Canadian Natural Resources Limited (Canadian Natural), owner and operator of the Horizon Oil Sands mine site.

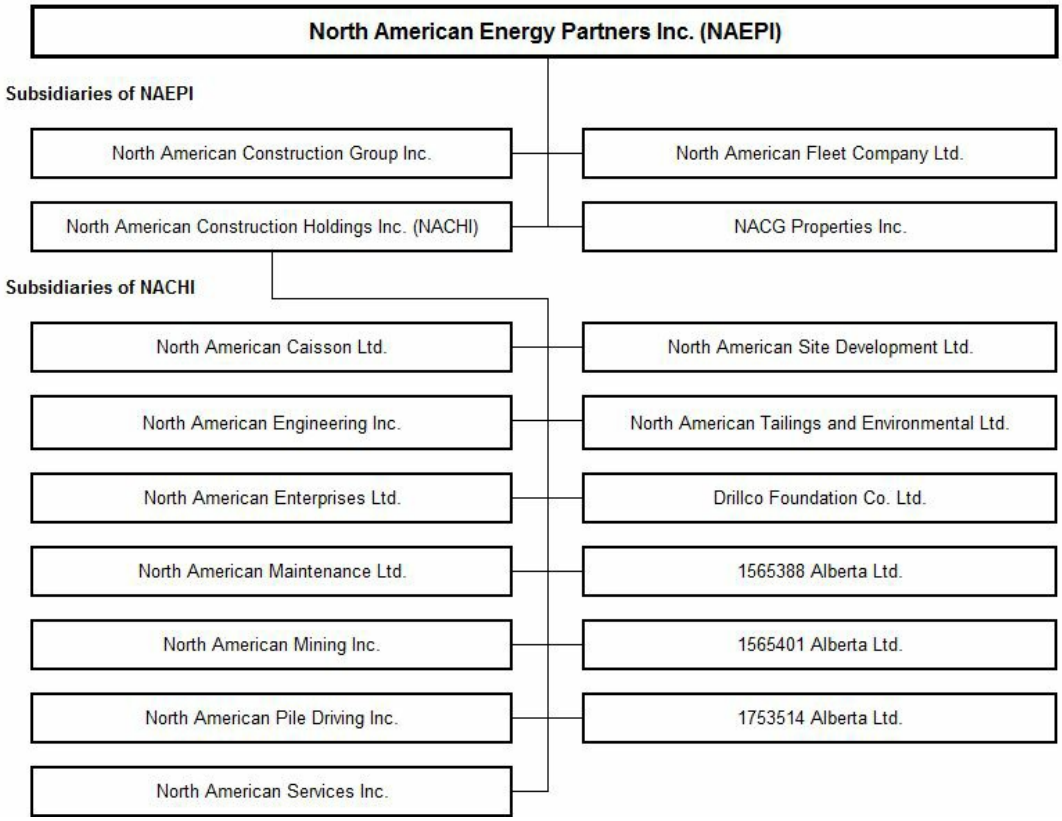
B. CORPORATE STRUCTURE

North American Energy Partners Inc.

The Company was amalgamated under the *Canada Business Corporations Act* on November 28, 2006, and was the entity continuing from the amalgamation of NACG Holdings Inc. with its wholly-owned subsidiaries, NACG Preferred Corp. and North American Energy Partners Inc. The amalgamated entity continued under the name North American Energy Partners Inc. (“NAEPI”).

Subsidiaries

NAEPI includes its wholly-owned subsidiaries North American Construction Group Inc. (“NACGI”), North American Fleet Company Ltd., NACG Properties Inc. and North American Construction Holdings Inc. ("NACHI") along with the wholly-owned operating subsidiaries of NACHI. The chart below depicts our current corporate structure with respect to each of our direct subsidiaries and indirect subsidiaries (collectively the “Subsidiaries”):



NAEPI and the Subsidiaries are all corporations subsisting under the *Business Corporations Act* (Alberta), except NACGI, which is a corporation subsisting under the *Canada Business Corporations Act.*

C. OUR BUSINESS

Significant Business Events Over the Past Three Years

The following is a summary of the significant business events that have influenced our business over the past three years:

- During the three months ended March 31, 2011 we recorded a $42.5 million write-down to our results from the Horizon mine long-term overburden removal contract with Canadian Natural.
- On May 18, 2011, Canadian Natural suspended our overburden removal activities at their Horizon mine while they undertook repairs to their primary upgrading facility. We restarted our overburden removal activities at the Horizon mine on January 2, 2012.
- In November 2011, we began working on the Joslyn North Mine Project [2] under an initial earthworks contract.
- On March 19, 2012, we reached an agreement with Canadian Natural on amendments to the overburden removal contract at the Horizon mine[3] which included settlement on past claims under the original contract, an accelerated buyout of approximately 30% of our assets that were contractually tied to the Canadian Natural contract and the replacement of the unit-price structure of the contract with a target-price contract structure.
- On June 7, 2012, Martin R. Ferron was appointed President and Chief Executive Officer and named to our Board of Directors.
- In November 2012, we began working at the Kearl mine site [4], under a five-year master services agreement to provide civil mine support services.
- On November 22, 2012, we sold our Pipeline related assets and exited the Pipeline business.
- On April 27, 2013 the Kearl mine began production of bitumen.
- On July 12, 2013, we sold our Canadian based Piling related assets and liabilities and our US based Cyntech US Inc. legal entity and exited the Piling business. The sale included terms for three years of contingent proceeds, starting in 2014.
- During July 2013 we repurchased $150.0 million of our Series 1 Debentures and paid off the $16.3 million balance of our Term Facility from a portion of the proceeds from our Piling sale.
- On October 9, 2013 we signed a three year 5th amended and restated credit agreement secured through a combination of working capital and equipment.
- On October 10, 2013, upon receiving consent from the holders of the Series 1 Debenture, we amended the restricted payment covenant in the Trust Indenture related to the Series 1 Debenture. The amendment allows us to make Restricted Payments (as defined in the Indenture) in an aggregate amount of up $30.0 million, subject to certain limitations.
- On October 30, 2013 Suncor Energy Inc.[5], Total E&P Canada Ltd.[6] and Teck Resources Limited (co-owners of the Fort Hills oil sands mine project[7]) announced the sanctioning of construction by their individual board of directors for the Fort Hills mine. Suncor is the operator of the project.
- During the three months ended December 31, 2013 we bought back and cancelled 1.8 million (approximately 5%) of our outstanding common shares through a normal course purchases on the New York Stock Exchange (the "NYSE").
- On December 31, 2013 we changed our financial reporting year-end to a calendar year-end.

For a complete discussion of the significant business events for each year see the “Significant Business Events” section of our respective annual MD&As.

For a complete discussion of active projects, contract awards and the status of our current customer contracts see "Projects, Competition and Major Suppliers - Active Projects", below.

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[2] Joslyn North Mine Project (Total Joslyn), a joint venture amongst Total (38.25%), Suncor (36.75%), Occidental Petroleum Corporation (15%) and Inpex Corporation (10%). Total is the operator oil sands mining and extraction operations of the Joslyn North Mine Project.
[3] Horizon Oil Sands Project, a wholly owned and operated Canadian Natural project.
[4] Kearl Oil Sands project, jointly owned by Imperial (71%) and ExxonMobil Canada (29%).
[5] Suncor Energy Inc. (Suncor).
[6] Total E&P Canada Ltd. (Total), a wholly owned subsidiary of Total SA.
[7] Fort Hills LP (Suncor Fort Hills), a limited partnership between Suncor Energy Inc. (40.8%), Total (39.2%) and Teck Resources Ltd. (20%). Suncor is the operator of the oil sands mining operations of Fort Hills.

Business Overview

We provide a wide range of mining and heavy construction services to customers in the resource development and industrial construction sectors, primarily within Western Canada.

Our core market is the Canadian oil sands, where we provide construction and operations support services through all stages of an oil sands project's lifecycle. We have extensive construction experience in both mining and in situ oil sands projects and we have been providing operations support services to the five producers currently mining bitumen in the oil sands since inception of their respective projects: Syncrude[8], Suncor, Shell[9], Imperial Oil[10] and Canadian Natural. We focus on building long-term relationships with our customers and in the case of Syncrude and Suncor, these relationships span over 30 years. For a discussion on our revenue by source and revenue by end market refer to the "Our Business - Revenue by Source and Market" section, below.

We believe that we operate the largest fleet of equipment of any contract resource services provider in the oil sands. Our total fleet (owned, leased and rented) includes approximately 459 pieces of diversified heavy construction equipment supported by over 1,301 pieces of ancillary equipment. We have a specific capability operating in the harsh climate and difficult terrain of northern Canada, particularly in the Canadian oil sands.

While our services are primarily focused on the oil sands, we believe that we have demonstrated our ability to successfully apply our oil sands knowledge and technology and put it to work in other resource development projects. We believe we are positioned to respond to the needs of a wide range of other resource developers and we remain committed to continue expanding our operations outside of the Canadian oil sands.

We believe that our excellent safety record, coupled with our significant oil sands knowledge, experience, long-term customer relationships, equipment capacity and scale of operations, differentiate us from our competition and provide significant value to our customers.

Operations Overview

Our services are primarily focused on supporting the construction and operation of surface mines, particularly in the oil sands, with a focus on:

- site clearing and access road construction;
- site development and underground utility installation;
- construction and relocation of mine site infrastructure;
- stripping, muskeg removal and overburden removal;
- heavy equipment and labour supply;
- material hauling; and
- mine reclamation and tailings pond construction.

In addition, we provide site development services for plants and refineries, including in situ oil sands facilities.

We maintain our large diversified fleet of heavy equipment and ancillary equipment from our three significant maintenance and repair centers, two based in Fort McMurray, Alberta on our customer's mine sites and one based near Edmonton, Alberta. In addition, we operate running maintenance and repair facilities at each of our customer's oil sands mine sites.

Revenue by Source

Our revenue is generated from two main sources:

- operations support services; and
- construction services.

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[8] Syncrude Canada Ltd. (Syncrude) - operator of the oil sands mining and extraction operations for the Syncrude Project, a joint venture amongst Canadian Oil Sands Limited (37%), Imperial Oil Resources (25%), Suncor Energy Oil and Gas Partnership (12%), Sinopec Oil Sands Partnership (9%), Nexen Oil Sands Partnership (7%), Murphy Oil Company Ltd. (5%) and Mocal Energy Limited (5%).
[9] Shell Canada Energy (Shell), a division of Shell Canada Limited, which is the operator of the oil sands mining and extraction operations on behalf of Athabasca Oil Sands Project (AOSP), a joint venture amongst Shell Canada Limited (60%), Chevron Canada Limited (20%) and Marathon Oil Corporation (20%).
[10] Imperial Oil Resources Limited. (Imperial Oil).

Operations support services revenue

Operations support services revenue is mainly generated under long-term contracts and site services contracts as described below. These services support the existing operations of our customers and are generally funded from our customers' operating or maintenance capital budgets. As a result of the less discretionary nature of this type of spending, we tend to experience lower variability in the demand for these services as compared to the demand for construction services. We provide operations support services under either time-and-materials or unit-price contracts depending on such things as the degree of complexity, the completeness of engineering and the required schedule. Generally, projects that are more complex, have engineering that is less complete, or are awarded on short notice are more likely to be contracted under a time-and-materials structure.

- *Long-term contracts*. This category consists of contracts with a term of greater than one year and a value of greater than $20.0 million. These are typically unit-price or target-price contracts for overburden removal or reclamation and are reflected in our backlog.
- *Site services contracts*. This category includes our master services agreements and typically does not include a commitment to the volume or scope of services over the life of the contract. Work under the agreement is instead awarded through shorter-term work authorizations under the general terms of the agreement. Only the committed volumes under the work authorizations are included in our calculation of backlog.

For the year ended December 31, 2013, operations support services revenue represented 68% of our total revenues, down from 70% and 81% of our total revenue for the years ended December 31, 2012 and December 31, 2011, respectively. The change reflects the impact of insourcing and cost reduction efforts by our clients, as well as increased competition on existing mine sites in the oil sands.

Construction services revenue

Construction services are related to new developments or expansion projects and are generally funded from our customers' capital budgets. As a result of the more discretionary nature of this type of spending, we tend to experience a higher level of variability in the demand for these services as compared to the demand for operational support services. We provide construction services under lump-sum, unit-price, and time-and-materials contracts. The contract value is typically reflected in our backlog if the contract is a lump-sum or unit price and in certain cases, time-and-materials contracts if the scope is defined.

For the year ended December 31, 2013, construction services revenue represented 32% of total revenues, up compared to 30% and 19% for the years ended December 31, 2012 and December 31, 2011, respectively, as several major oil sands projects were sanctioned.

Revenue by End Market

Our revenue is generated from two main end markets:

- Canadian oil sands; and
- industrial construction.

Canadian oil sands market

Our core end-market is the Canadian oil sands where, according to the Canadian Association of Petroleum Producers ("CAPP"), the oil sands represent 97% of Canada's recoverable oil reserves with proven reserves of 169 billion barrels. This is the third largest proven oil reserve in the world, next to Saudi Arabia and Venezuela. It is also the world's largest reserve open to private sector investment. In 2013, CAPP estimates oil sands production reached 2.0 million barrels per day ("bpd"), representing 57.1% of Canada's total oil production for that same year. CAPP estimates that oil sands production will grow by about 162% to 5.2 million bpd by 2030. CAPP's estimate for oil sands capital spending in 2014 is $25 billion, unchanged from the estimated industry spend in 2013.

Oil sands are grains of sand covered by a thin layer of water and coated by heavy oil or bitumen. Bitumen, because of its structure, requires extraction techniques to separate it from the sand and other foreign matter. There are currently two main methods of extraction: (i) open pit mining, where bitumen deposits are sufficiently close to the surface to make it economically viable to recover the bitumen by treating mined sand in a surface plant; and (ii) in situ technology, where bitumen deposits are buried too deep for open pit mining to be cost effective. Operators instead inject steam into the deposit, lowering the viscosity of the bitumen so that the bitumen can be separated

from the sand and pumped to the surface, leaving the sand in place. The choice of extraction method is entirely based on the geographic features of the land and the two methods are not interchangeable.

CAPP estimates that approximately half of 2013 oil sands production came from mining projects, while the remaining half came from in situ projects. Total production from mining and in situ may not remain approximately equal in the future. Of the 5.2 million bpd estimated oil sands production in 2030, CAPP anticipates that approximately one third will be generated by mining projects with the remaining two thirds coming from in situ projects. This represents an 86% increase in mining production and a 227% increase in in situ production compared to the CAPP's estimated 2013 levels.

We support both in situ and mine development projects by providing construction services such as clearing, site preparation and underground utilities installation during the three-to-four-year construction phase. Once the construction phase is completed, we transition into operations support services for customers operating oil sands mines. Our operations support services range from overburden removal to tailings management to site reclamation and continue through the typical 40-year lifecycle of the mine.

In addition, the requirement for operations support services typically grows as mines age. Mine operators tend to construct their plants closest to the easy-to-access bitumen deposits (less overburden and/or higher quality bitumen) to maximize profitability and cash flow at the beginning of their projects. As the mines move through their lifecycle, easy-to-access, high-quality bitumen deposits are depleted and operators must go greater distances and move more material to secure the required volume of oil sand to feed the plant at capacity[11]. As a result, the total capacity of digging and hauling equipment must increase, together with an increase in the ancillary equipment and services needed to support these activities. In addition, as the mine extends to new areas, operators will often relocate mine infrastructure in order to reduce haul distances. This creates demand for mine construction services in the expansion area, as well as reclamation services to remediate the mined-out area. Accordingly, the demand for operations support services grows, even during periods of stable production, because the geographical footprint of existing mines expands under normal operation.

There are a number of projects related to mine expansions and new developments in the advanced permitting and engineering stages across Canada and we believe this is a strong market for our construction services and operations support services. We believe we are in a position to benefit from the resurgence in mineral exploration spending.

Current Canadian oil sands business conditions

For the year ended December 31, 2013, 96% of our total revenues were generated from the Canadian oil sands, compared to 91% and 96% of our total revenues for the years ended December 31, 2012 and December 31, 2011, respectively.

Operations support services: As a result of the growing discount in the Alberta crude oil market price per barrel, oil sands operators shifted their focus from controlling schedules to controlling costs. Some producers re-engineered mine plans to reduce costs, while others intentionally deferred work. In addition to scheduling delays, some customers have insourced certain services that would have otherwise been outsourced. These trends continued to impact our operations support services revenue in 2013 and have reduced visibility on upcoming demand. While we expect the market for these services to remain competitive in 2014, we have contracts in place at every major mine site in the oil sands and we have the operational flexibility to quickly respond to changes in our customers' operational support requirements.

Construction services: A significant discount in oil sands crude pricing compared to West Texas Intermediate (WTI) as a result of increasing tight oil production in the United States and Canada, and difficulties in gaining pipeline access to new refining markets are expected to continue impacting oil sands producers in 2014. However, CAAP estimates that 2014 capital expenditures will reach $25 billion, unchanged from their estimate for capital spending in 2013.t

[11] As oil sand quality declines (lower quantity of oil per cubic meters of sand), it is necessary to mine a greater volume to achieve the same volume of produced oil; as overburden thickens (the oil sands seam generally dips to the south), it is necessary to mine a greater volume of overburden to expose the mineable oil sands.

t This paragraph contains forward-looking information. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks and uncertainties related to such information.

Part of the growth in oil sands capital spending is expected be driven by the development of new mines and the expansion of existing mines. While Suncor has announced that it would not proceed with the Voyageur Upgrader Project[12], Suncor and Total continue to work as co-owners on progressing the Fort Hills and Joslyn North Mine Project. Suncor has announced that it will proceed with the $13.5 billion Fort Hills Mine Project.

At the Joslyn North Mine Project, design engineering and site preparation activities are also underway; however, a sanctioning decision is not expected until 2015 at the earliest. Canadian Natural has announced 2014 capital spending plans related to production capacity expansions at Horizon, and Syncrude announced increased 2014 capital spending plans related to tailings management initiatives and mine relocation projects at both the Aurora[13] and Mildred Lake Mines [14].

A number of in situ projects are also proceeding with initial construction and expansion phases, including Carmon Creek, MacKay River, Hangingstone[15], Sunrise[16], Surmont[17], Foster Creek and Christina Lake projects [18], as well as Devon Canada's [19] Jackfish projects.

Anticipated 2014 oil sands capital spending activity levels are likely to drive strong demand for construction services and provide additional bidding opportunities; however, many of the projects are subject to approvals and could also be impacted by changing market conditions. In addition, not all of the construction demand will be directly related to NACG's core heavy civil construction service offering and the market for these services remains competitive.

Industrial construction market

Beyond our oil sands construction activities, we pursue a variety of industrial construction opportunities. For the year ended December 31, 2013, 4% of our total revenues were generated from the industrial construction market, compared to 9% and 4% of our total revenues for the years ended December 31, 2012 and December 31, 2011, respectively. The resource mining industry is of special interest to us with Canada being one of the largest mining nations in the world and our significant experience providing construction and operation support services to customers with large surface mining projects.

The conventional oil and gas industry is another market for us with major industrial construction projects that create opportunities to provide construction services. We have expertise providing site development for plants and refineries. For example, we have been providing piping and other heavy civil works services to CCRL's[20] heavy oil upgrader revamp and expansion project in Regina for the past three years.

Current industrial construction business conditions

According to Natural Resources Canada, despite the expectation for exploration and deposit appraisal expenditures in Canada to decline to $3.3 billion in 2013, from the record level of $4.2 billion in 2011, spending is still well above the cyclical low of $1.9 billion in 2009 and the 2010 level of $2.8 billion.

In addition, the drop in exploration expenditures to $2.2 billion in 2012 was partly offset by an increase in expenditures for deposit appraisal activities to advance projects toward a production decision, which reached a record level of $1.6 billion. Expenditures for deposit appraisal are also expected to reach $1.6 billion in 2013.t

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[12] Voyageur Upgrader Project (Suncor Voyageur), a wholly owned and operated Suncor project. Formerly a joint venture amongst Suncor (51%) and Total (49%).
[13] Aurora Project (Aurora), owned and operated by Syncrude Canada Ltd.
[14] Mildred Lake oil sands mine, owned and operated by Syncrude Canada Ltd.
[15] Hangingstone Project, a steam-assisted gravity drainage (SAGD) project, is wholly owned and operated by Athabasca Oil Corporation (Athabasca Oil).
[16] Sunrise Energy Project (Sunrise) is a 50/50 joint venture with Husky Energy Inc.'s (Husky Energy) and BP Canada Energy Company (BP), a wholly owned subsidiary of BP PLC. The Sunrise project is operated by Husky Energy.
[17] Surmont Oil Sand in situ project (Surmont) is a 50/50 joint venture between ConocoPhillips Canada Resources Corporation's (ConocoPhillips), a wholly owned subsidiary of ConocoPhillips Company, and Total. ConocoPhillips Canada is the project operator.
[18] Cenovus Energy Inc. (Cenovus Energy) is the operator of the Foster Creek and Christina Lake Oil Sands Projects. Both projects are 50/50 joint ventures with ConocoPhillips.
[19] Jackfish projects are operated by Devon Canada. Devon Canada Corporation (Devon Canada) is a wholly owned subsidiary of Devon Energy Corporation.
[20] Consumers Co-operative Refinery Limited (CCRL) is a wholly owned subsidiary of Federation Co-operatives Limited.
t This paragraph contains forward-looking information. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks and uncertainties related to such information.

Competitive Strengths

We believe our competitive strengths are as follows:

Leading market position in contract mining services

We believe we are the largest provider of contract mining services in the Canadian oil sands. We have operated in Western Canada for over 60 years and have participated in every significant oil sands mining project since operators first began developing this resource over 30 years ago. This has given us extensive experience operating in the challenging working conditions created by the harsh climate and difficult terrain of the oil sands and Northern Canada. We have amassed what we believe is the most diverse fleet of any contract services provider in the oil sands. We believe the combination of our significant size and extensive experience makes us one of only a few companies capable of taking on long-term, large-scale mining and heavy construction projects in the oil sands.

Large, well-maintained equipment fleet

As of December 31, 2013, we had a heavy equipment fleet of approximately 459 owned, leased and rented units, made up of shovels, excavators, trucks and dozers as well as loaders, graders and scrapers. We believe we have an unmatched, modern fleet of equipment to service our clients' needs. Our fleet includes some of the largest shovels in the world, which are designed for use in some of the largest earthmoving and mining applications globally. Being the only contractor in the oil sands to operate shovels of this size and one of only a few contractors to operate trucks larger than 240 tons capacity gives us a competitive advantage with respect to both skill base and equipment availability. The size and diversity of our fleet provides us with the potential to respond on short notice and provide customized fleet solutions for each specific job.

A well-maintained fleet is critical in the harsh climatic and environmental conditions we encounter. Our significant maintenance and repair center on one of our customers' oil sands sites is capable of accommodating the largest pieces of equipment in our fleet. Our major repair facility located near Edmonton, Alberta can perform similar major maintenance and repair activities as our facility in the oil sands and provides back-up maintenance and repair requirements for oil sands equipment. In addition, we operate running repair and maintenance facilities on each of our customer's oil sands sites. We believe our combination of onsite and offsite service capabilities increases our efficiency. This, in turn, reduces costs and increases our equipment utilization, thereby enhancing our competitive edge and profitability.[t]

Broad service offering across a project's lifecycle

We are considered to be a "first-in, last-out" service provider in the oil sands because we provide services through the entire lifecycle of an oil sands project. Our work typically begins with the initial consulting services provided during the planning phase, including review of constructability, engineering and budgeting. This leads into the construction phase during which we provide a fuller range of services, including clearing, muskeg removal, site preparation, mine infrastructure construction and underground utility installation. As the mine moves into production, we support the preparation of the mine by providing ongoing site maintenance and upgrading, equipment and labour supply, overburden removal and land reclamation. Given the long-term nature of oil sands projects, we believe that our extensive experience has enabled us to establish ongoing relationships with our customers through a continuous supply of services as we transition from one stage of the project to the next.

Long-term customer relationships

We have established strong, long-term relationships with major oil sands producers and conventional oil and gas producers. Our largest customers are producers mining bitumen in the oil sands and we have worked with each of these customers since they began operations in the oil sands. In the case of Syncrude and Suncor, our relationships date back over 30 years. The longevity of our customer relationships reflects our ability to deliver a strong safety and performance record, a well-maintained, highly capable fleet with specific equipment dedicated to individual customers and a staff of well-trained, experienced supervisors, operators and mechanics. In addition, our practice of maintaining offices and maintenance facilities directly on most of our oil sands customers' sites enhances the relationship. Our proximity and close working relationships typically result in advance notice of projects, enabling us to anticipate our customers' needs and align our resources accordingly.

[t] This paragraph contains forward-looking information. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks and uncertainties related to such information.

Operational flexibility

The combination of our onsite fleets and relationships with multiple oil sands operators makes it possible for us to easily and cost-efficiently transfer equipment and other resources among projects. This keeps us highly responsive to customer needs and is essential in providing operational support services, where lead times are short and the work loads are highly variable. This also serves as a barrier to potential new competitors who may be unable to dedicate a fleet of equipment to the region without the security of a long-term contract. The fact that we work on every major site in the oil sands contributes to our flexibility, enhances the stability of our business model and enables us to continue bidding profitably on new contracts.

Our Strategy

Our strategy is to be an integrated service provider of choice for the developers and operators of resource-based industries in a broad and often challenging range of environments. We will implement this strategy with the following tactics:

- **Enhance safety culture:** We are committed to elevating the standard of excellence in health, safety and environmental protection with continuous improvement along with greater accountability and compliance. Our aim is to have zero incidents.
- **Increase customer satisfaction:** We intend to continue strengthening our relationships with new and existing customers to win an increased share of the services outsourced in connection with their projects.
- **Improve productivity and profitability:** We plan to increase productivity and profitability by identifying operating efficiencies, reducing direct and indirect costs and right-sizing our equipment fleet.
- **Improve cash flow:** We **intend** to manage our profitability, working capital and capital investments to ensure positive cash flow generation.
- **Strengthen the balance sheet:** We intend to continue with our disciplined debt reduction program to increase financial capacity and support future growth.
- **Increase our presence outside the oil sands:** We intend to extend our services to other resource industries across Canada. Canada has significant natural resources and we believe that we have the equipment and the expertise to assist with extracting those resources.

For a discussion on our 2013 accomplishments against our strategy see the “Significant Business Events - Accomplishments against our 2013 strategic priorities” section of our annual MD&A, which section is expressly incorporated by reference into this AIF.

D. PROJECTS, COMPETITION AND MAJOR SUPPLIERS

Active Projects

Canadian Natural: Horizon Mine

Canadian Natural completed construction of its Horizon Oil Sands Project and achieved first oil production in early 2009. This oil sands mining project has a targeted production capacity of 110,000 barrels per day (“bbl/d”) from Phase 1. Canadian Natural has plans to ultimately increase total production capacity to 500,000 bbl/d through future expansions. Phase 2 of the mine expansion plan is progressing under a staggered construction scenario and Phase 3 is currently in the planning stages.

We have been working at the Horizon mine since 2005 under a 10-year contract with Canadian Natural to remove approximately 400 million bank cubic meters (“BCM”) of overburden and use 300 million BCM of that material to build a tailings dyke at the site. Our contract was amended on March 19, 2012 and expires June 30, 2015.

Suncor: Steepbank Mine, Millennium Mine and Fort Hills Mine, Joslyn North Mine

Suncor's current mining operation includes the Steepbank and Millennium mines. Following their merger with Petro-Canada and a strategic alliance with Total, Suncor's mineral assets have expanded to include a 40.8% interest in the Suncor operated Fort Hills project and a 36.75% interest in the Total-operated Joslyn North Mine project. The Fort Hills project is currently in development and expected to produce first oil as early as the fourth quarter of 2017. The planned production capacity of the Fort Hills project is 180,000 bbl/d.

In July 2011, we were awarded a five-year master services agreement to provide early reclamation, overburden removal, civil construction and mine services at Suncor's Steepbank and Millennium oil sands mines.

Syncrude: Base Mine and Aurora Mine

Syncrude's current mining operations include Base Mine (Mildred Lake) and Aurora Mine, which have a current combined production capacity of approximately 350,000 bbl/d. Further planned expansions include the development of a new mine, Mildred Lake Extension (MLX), on the existing Base Plant lease by 2020 and Aurora South, which is expected to potentially increase total production capacity to 600,000 bbl/d by the 2020's or later.

In November 2010, Syncrude awarded us a new four-year mining service contract, which enables us to execute various types of projects for this customer. Construction work authorizations are issued for each piece of work under both time-and-materials and unit-price arrangements and are generally not reflected in our reported backlog.

Minor work is remaining on one contract at the "Mildred Lake Mine Relocation" project at Syncrude 's Base Mine to be completed in the spring of 2014.

Total E&P Canada: Joslyn North Mine

The Joslyn North Mine Project is currently in the Front End Engineering Design (FEED) stage. The Joslyn North Mine Project is scheduled to commence production in 2020.t

We are currently completing the initial earthworks at the Joslyn North Mine Project, including clearing the site, ditching and establishing access (roads, drainage etc.) in preparation for the planned future construction of the mine and extraction facility. Work under the current contract was awarded in November 2011 and is expected to be completed in September 2014.t

Imperial Oil: Kearl Mine

The Kearl oil sands project is jointly owned between Imperial Oil (operator) and ExxonMobil Canada with an initial target production capacity of approximately 110,000 bbl/d. An expansion phase will add another 110,000 bbl/d by late 2015. Future bottlenecking is expected to increase total production capacity to 345,000 bbl/d by about 2020.

In November 2012, we signed a five-year master services agreement to provide civil mine support services at the Kearl site.

Recently Completed Projects

Consumer's Co-operative Refinery Limited[20]: Tank Farm Project

In July 2009, we were awarded the Consumer 's Co-operative Refinery Limited heavy oil upgrader revamp and expansion project in Regina, Saskatchewan. In June 2013, we completed tank farm earthworks construction, associated piping and pipelines and other heavy civil works as required by the client under an open services agreement.

Syncrude: Mildred Lake Mine Relocation Project

In 2013, we completed the remaining scope of work under two separate contracts at the "Mildred Lake Mine Relocation" project at Syncrude's Base Mine. The second phase of the relocation project, which was substantially completed in 2013, included construction of a mechanically stabilized earth (MSE) wall as well as significant corridor, haul road and other heavy civil scopes.

Shell: Muskeg River Mine and Jackpine Mine

In June 2009, we were awarded a three-year earthmoving and mine support master services agreement with Shell, which was extended to September 2013. The agreement covered the provision of operations support services including construction, earthmoving and mine support and replaced an expiring two-year master services agreement.

Competition

The majority of our new business is secured through formal bidding processes in which we are required to compete against other suppliers. Factors that impact success on competitive bids include price, safety, reliability, scale of operations, equipment and labour availability and quality of service.

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[20] Consumers Co-operative Refinery Limited (CCRL) is a wholly owned subsidiary of Federation Co-operatives Limited.

We have seen a change in our competitive environment and customer behavior in the oil sands over the past three years. As a result of the growing discount in the Alberta crude oil market price per barrel, oil sands operators shifted their focus from controlling schedules to controlling costs which has resulted in some of our customers delaying planned mine development and insourcing mine services activity that would previously have been exclusively outsourced.

These cost saving measures by our customers have resulted in a noticeable reduction in tendered operations support services and an increase in competition on oil sands project bids during the year ended December 31, 2013.

Our principal competitors include Klemke Mining Corporation, Aecon Group Inc., Graham Construction Ltd, Ledcor Construction Limited ("Ledcor"), Peter Kiewit and Sons Co. Ltd., Sureway Construction Ltd. and Thompson Bros (Constr) Ltd. In underground utilities installation, Voice Construction Ltd., Ledcor and IGL Canada, KBR Inc., JV Driver Projects Inc. and PCL Constructors Inc. are our major competitors.

Major Suppliers

We have long-term relationships with the following equipment suppliers: Finning International Inc. (over 45 years), Wajax Corporation (over 20 years), Brandt Tractor Ltd. (over 30 years) and SMS Equipment (over 5 years). Finning is the Caterpillar heavy equipment supplier for Alberta and makes up the majority of our mining fleet. Wajax is the Hitachi equipment supplier of Excavators and Shovels for both mining and construction, Brandt Tractor is the Alberta supplier for John Deere construction Excavators, SMS Equipment is the Komatsu equipment supplier for Canada and supports a fleet of large mining trucks. In addition to the supply of new equipment, each of these companies is a major supplier for equipment rentals, parts and service labour. We are also actively working with these suppliers to identify cost savings opportunities, including opportunities to reduce our rental fleet and focus on parts management.

We have a Tire Agreement with Bridgestone plus additional allocation from Michelin and Goodyear which have allowed us to maintain tire inventories to keep our fleet fully operational. Tire availability has improved with the change in the global economy however this availability is considered to be short term. Our inventory is such that we do not anticipate a tire shortage.t

E. RESOURCES AND KEY TRENDS

Fleet and Equipment

We operate and maintain a heavy equipment fleet, including dozers, graders, loaders, mining trucks, shovels, compactors, scrapers and excavators. We also maintain a fleet of ancillary vehicles including various service and maintenance vehicles. Overall, the equipment is in good condition, subject to normal wear and tear. Our credit facility is secured by liens on substantially all of our equipment. We lease some of this equipment under lease terms that include purchase options.

t This paragraph contains forward-looking information. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks and uncertainties related to such information.

We acquire our equipment in three ways: capital expenditures, capital leases and operating leases (for a discussion on our equipment additions see the “Resources and Systems - Liquidity”, section of our annual MD&A, which section is expressly incorporated by reference into this AIF). The following table sets forth our owned and leased heavy equipment fleet (does not include rental equipment) as at December 31, 2013:

Category	Capacity Range	Horsepower Range	Number Owned	Number Leased
Heavy Construction and Mining:				
Articulating trucks	30 to 40 tons	305 - 406	9	10
Mining trucks	40 to 330 tons	476 - 2,700	102	46
Shovels	35-80 cubic yards	2,600 - 3,760	4	2
Excavators	1 to 29 cubic yards	90 - 1,944	70	14
Dozers	20,741 lbs to 230,100 lbs	96 - 850	64	34
Graders	14 to 24 feet	150 - 500	16	8
Loaders	1.5 to 16 cubic yards	110- 690	44	2
Packers	14,175 to 68,796 lbs	216 -3 15	5	—
Articulating Water Trucks	8,000 gallon	406,000	3	—
Scraper Water Wagons	10,000 gallon	462,000	2	—
Float Trucks	250 tons	703,000	4	—
Heavy Oil Recovery Barge	30,000 US gal per hour	125,000	9	—
Tractors	43,000 lbs	460,000	2	—
Total			**334**	**116**

For the fiscal years ended December 31, 2013, 2012 and 2011 we incurred expenses of $184.9 million, $204.5 million and $223.9 million, respectively, to maintain our equipment.

Facilities

We own and lease a number of buildings and properties for use in our business, the locations of which were chosen for their geographic proximity to our major customers. Our corporate offices are located in Edmonton, Alberta. Our primary administrative functions are carried out from offices in Edmonton, Alberta and Acheson, Alberta, where we also have a major equipment maintenance facility. Additional project management and equipment maintenance functions are carried out from leased and owned regional facilities in Fort McMurray, Alberta. The following table describes our primary facilities:

Location	Function	Owned or Leased	Lease Expiration Date
Edmonton, Alberta (Corporate)	Corporate head office and administrative office	Leased	6/30/2023
Acheson, Alberta	Administrative office and major equipment repair facility	Leased	11/30/2017
Fort McMurray, Alberta (Timberlea)	Regional office for mining operations	Leased	2/28/2022
Fort McMurray, Alberta (Canadian Natural site)	Site office and maintenance facility	Facility and land provided by customer	Term of CNRL contract (6/30/2015)
Fort McMurray, Alberta (Syncrude Ruth Lake site)	Regional office and maintenance facility for all operations	Building owned, land provided	8/31/2021

Credit Facility

For a description of our credit facilities, see the “Credit Facility” section of our annual MD&A, which section is expressly incorporated by reference into this AIF.

Variability of Results

A number of factors have the potential to contribute to variations in our quarterly financial results between periods, including:

- the timing and size of capital projects undertaken by our customers on large oil sands projects;

- seasonal weather and ground conditions;
- certain types of work that can only be performed during cold, winter conditions when the ground is frozen;
- the timing of equipment maintenance and repairs;
- claims and change-orders;
- the accounting for unrealized non-cash gains and losses related to foreign exchange and derivative financial instruments; and
- the level of borrowing under our Series 1 Debentures and credit facilities and the corresponding interest expense recorded against the outstanding balance of each.

For a description of our variability of results, see the “Summary of Quarterly Results” section of our annual MD&A, which section is expressly incorporated by reference into this AIF.

F. LEGAL AND LABOUR MATTERS

Laws and Regulations and Environmental Matters

Many aspects of our operations are subject to various federal, provincial and local laws and regulations, including, among others:

- permit and licensing requirements applicable to contractors in their respective trades;
- building and similar codes and zoning ordinances; and
- laws and regulations relating to worker safety and protection of human health.

We believe that we have all material required permits and licenses to conduct our operations and are in substantial compliance with applicable regulatory requirements relating to our operations. Our failure to comply with the applicable regulations could result in substantial fines or revocation of our operating permits.

Our operations are subject to numerous federal, provincial and municipal environmental laws and regulations, including those governing the release of substances, the remediation of contaminated soil and groundwater, vehicle emissions and air and water emissions. Federal, provincial and municipal authorities, such as Alberta Environment, Saskatchewan Environment, the British Columbia Ministry of Environment and other governmental agencies, administer these laws and regulations. The requirements of these laws and regulations are becoming increasingly complex and stringent and meeting these requirements can be expensive.

The nature of our operations and our ownership or operation of property exposes us to the risk of claims with respect to environmental matters and there can be no assurance that material costs or liabilities will not be incurred in relation to such claims. For example, some laws can impose strict joint and several liability on past and present owners or operators of facilities at, from or to which a release of hazardous substances has occurred, on parties who generated hazardous substances that were released at such facilities and on parties who arranged for the transportation of hazardous substances to such facilities. If we were found to be a responsible party under these statutes, we could be held liable for all investigative and remedial costs associated with addressing such contamination, even though the releases were caused by a prior owner or operator or third party. We are not currently named as a responsible party for any environmental liabilities on any of the properties on which we currently perform or have performed services. However, our leases typically include covenants that obligate us to comply with all applicable environmental regulations and to remediate any environmental damage caused by us to the leased premises. In addition, claims alleging personal injury or property damage may be brought against us if we cause the release of or any exposure to harmful substances.

Our construction contracts require us to comply with environmental and safety standards set by our customers. These requirements cover such areas as safety training for new hires, equipment use on site, visitor access on site and procedures for dealing with hazardous substances.

Capital expenditures relating to environmental matters during the fiscal years ended December 31, 2011, 2012 and 2013 were not material. We do not currently anticipate any material adverse effect on our business or financial position because of future compliance with applicable environmental laws and regulations. Future events, however, such as changes in existing laws and regulations or their interpretation, more vigorous enforcement policies of regulatory agencies or stricter or different interpretations of existing laws and regulations may require us to make additional expenditures which may or may not be material.

Legal Proceedings and Regulatory Actions

For a description of legal proceedings and regulatory actions, see the “Legal and Labour Matters - Legal Proceedings and Regulatory Actions” section of our annual MD&A, which section is expressly incorporated by reference into this AIF.

Employees and Labour Relations

For a description of our employees and labour relations, see the “Legal and Labour Matters - Employees and Labour Matters” section of our annual MD&A, which section is expressly incorporated by reference into this AIF.

G. DESCRIPTION OF SECURITIES AND AGREEMENTS

Some of the statements contained herein are summaries of the material provisions of our articles of amalgamation relating to dividends, distribution of assets upon dissolution, liquidation or winding up. A copy of our articles of amalgamation can be found on www.sedar.com.

Capital Structure

We are authorized to issue an unlimited number of voting common shares and an unlimited number of non-voting common shares.

On December 19, 2013 we completed the purchase and subsequent cancellation of 1.8 million voting common shares, in the normal course, in the United States primarily through the facilities of the New York Stock Exchange, using monetized working capital from our recent business divestments (the "Purchase Program"). The common voting shares purchased under the Purchase Program represented approximately 5% of our issued and outstanding voting common shares, leaving a balance of 34,715,236 shares outstanding as of December 19, 2013.

All purchases of shares in the United States were made in compliance with Rule 10b-18, under the US Securities Exchange Act of 1934, whereby the safe harbor conditions limited the number of shares that could be purchased per day to a maximum of 25% of the average daily trading volume for the four calendar weeks preceding the date of purchase, with certain exceptions permitted for block trading. The price per share, for all but the block trades, was based on the market price of such shares at the time of purchase, in accordance with regulatory requirements.

As at February 14, 2014, there were 34,792,036 voting common shares outstanding (34,746,236 at December 31, 2013). We had no non-voting common shares outstanding on any of the foregoing dates.

Voting Common Shares

Each voting common share has an equal and ratable right to receive dividends to be paid from our assets legally available therefore when, as and if declared by our board of directors.

In the event of our dissolution, liquidation or winding up, the holders of common shares are entitled to share equally and ratably in the assets available for distribution after payments are made to our creditors. Holders of common shares have no pre-emptive rights or other rights to subscribe for our securities. Each common share entitles the holder thereof to one vote in the election of directors and all other matters submitted to a vote of shareholders, and holders of common shares have no rights to cumulate their votes in the election of directors.

Non-Voting Common Shares

Except as prescribed by Canadian law and except in limited circumstances, the non-voting common shares have no voting rights but are otherwise identical to the voting common shares in all respects. The non-voting common shares are convertible into voting common shares on a share-for-share basis at the option of the holder if the holder transfers, sells or otherwise disposes of the converted voting common shares: (i) in a public offering of our voting common shares; (ii) to a third party that, prior to such sale, controls us; (iii) to a third party that, after such sale, is a beneficial owner of not more than 2% of our outstanding voting shares; (iv) in a transaction that complies with Rule 144 under the Securities Act of 1933, as amended; or (v) in a transaction approved in advance by regulatory bodies.

Options

Other than the exercise of options under the stock option plan, there have been no issuances of shares.

Dividends

We have not declared or paid any dividends on our common shares since our inception, and we do not anticipate declaring or paying any dividends on our common shares for the foreseeable future. We currently intend to retain

any future earnings to finance future growth. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors the board of directors considers relevant. In addition, our ability to declare and pay dividends is restricted by our governing statute, as well as the terms of our credit agreement and the indenture that governs our Series 1 Debentures (as defined herein).

Trading Price and Volume

The following tables summarize the highest trading price, lowest trading price and volume for our common shares on the Toronto Stock Exchange ("TSX") (in Canadian dollars) and on the New York Stock Exchange ("NYSE") (in US dollars) on a monthly basis from December 1, 2012 to January 31, 2014:

Toronto Stock Exchange

Date	High ($)	Low ($)	Volume
January 2014	7.00	5.84	3,893,220
December 2013	6.45	5.65	529,119
November 2013	6.29	5.78	332,900
October 2013	6.44	5.20	348,884
September 2013	5.60	5.16	126,507
August 2013	5.50	4.98	318,284
July 2013	5.25	4.74	144,149
June 2013	5.40	4.27	234,935
May 2013	4.65	3.61	80,417
April 2013	4.69	4.00	120,755
March 2013	4.76	4.30	95,357
February 2013	4.63	3.72	349,366
January 2013	3.95	3.32	310,994
December 2012	3.88	3.17	143,304

New York Stock Exchange

Date	High ($)	Low ($)	Volume
January 2014	6.28	5.40	1,417,118
December 2013	6.13	5.36	2,748,815
November 2013	6.03	5.55	618,795
October 2013	6.22	4.99	950,328
September 2013	5.50	4.96	522,972
August 2013	5.33	4.87	1,240,625
July 2013	5.16	4.25	851,760
June 2013	5.32	4.74	2,526,746
May 2013	4.50	3.57	1,239,979
April 2013	4.63	3.95	941,195
March 2013	4.70	4.30	1,933,723
February 2013	4.52	3.71	2,632,862
January 2013	3.94	3.37	1,738,401
December 2012	3.94	3.20	1,118,470

Registration Rights Agreement

We are party to a registration rights agreement with certain shareholders, including Mr. William Oehmig, one of our directors. The shareholders party to the agreement and their permitted transferees are entitled, subject to certain limitations, to include their common shares in a registration of common shares we initiate under the Securities Act of 1933 (“Securities Act 1933”), as amended. In addition, after the 120th day following our IPO, any one or more shareholders party to the agreement has the right to require us to effect the registration of all or any part of such shareholders’ common shares under the Securities Act 1933, referred to as a “demand registration,” so long as the amount of common shares to be registered has an aggregate fair market value of at least US$5.0 million and, at such time, the SEC has ordered or declared effective fewer than four demand registrations initiated by us pursuant to the registration rights agreement. If the aggregate number of common shares that the shareholders party to the agreement request us to include in any registration, together, in the case of a registration we initiate, with the common shares to be included in such registration, exceeds the number which, in the opinion of the managing underwriter, can be sold in such offering without materially affecting the offering price of such shares, the number of shares of each shareholder to be included in such registration will be reduced pro rata based on the aggregate number of shares for which registration was requested. The shareholders party to the agreement have the right to require, after four demand registrations, one registration in which their common shares will not be subject to pro rata reduction with others entitled to registration rights.

We may opt to delay the filing of a registration statement required pursuant to any demand registration for:

- up to 120 days following a request for a demand registration if:
    - we have decided to file a registration statement for an underwritten public offering of our common shares, from which we expect to receive net proceeds of at least US$20.0 million; or
    - we have initiated discussions with underwriters in preparation for a public offering of our common shares from which we expect to receive net proceeds of at least US$20.0 million and the demand registration, in the underwriters’ opinion, would have a material adverse effect on the offering; or
- up to 90 days following a request for a demand registration if we are in possession of material information that we reasonably deem advisable not to disclose in a registration statement.

Our right to delay the filing of a registration statement if we possess information that we deem advisable not to disclose does not obviate any disclosure obligations which we may have under The Securities Exchange Act of 1934 or other applicable laws; it merely permits us to avoid filing a registration statement if our management believes that such a filing would require the disclosure of information which otherwise is not required to be disclosed and the disclosure of which our management believes is premature or otherwise inadvisable.

The registration rights agreement contains customary provisions whereby we and the shareholders party to the agreement covenant to indemnify and contribute to each other with regard to losses caused by the misstatement of any information or the omission of any information required to be provided in a registration statement filed under the Securities Act 1933. The registration rights agreement requires us to pay the expenses associated with any registration other than sales discounts, commissions, transfer taxes and amounts to be borne by underwriters or as otherwise required by law.

9.125% Series 1 Debentures

On April 7, 2010, we closed a private placement of 9.125% Series 1 Debentures (as defined below) due 2017 (the "Series 1 Debentures") for gross proceeds of $225.0 million and net proceeds after commissions and related expenses of $218.1 million as part of a debt restructuring plan. Financing fees of $6.9 million were incurred in connection with the Series 1 Debentures and were recorded as deferred financing costs.

To satisfy the requirement in the indenture governing our 9.125% Series 1 Senior Unsecured Debentures Due 2017(the "Series 1 Debentures"), on July 22, 2013 we made an offer to purchase $170.0 million of our Series 1 Debentures at par plus accrued and unpaid interest (the "Net Proceeds Offer") which amount represented the excess proceeds from the Piling sale that were not used for the purposes permitted in the indenture. The $170.0 million offer expired on August 21, 2013, pursuant to which $8.1 million of aggregate principal amount of notes were tendered to the offer and $0.3 million in accrued and unpaid interest was paid.

On July 22, 2013, as a result of the sale of our Piling business and as part of our debt restructuring we announced that we had elected to redeem $150.0 million of our Series 1 Debentures, less the amount of any Series 1 Debentures tendered under the Net Proceeds Offer. Holders of record at the close of business on August 23, 2013

had their Series 1 Debentures redeemed on a pro rata basis for 104.563% of the principal amount, plus accrued and unpaid interest. On August 27, 2013, we redeemed $141.9 million of aggregate principal amount of notes, paid $5.0 million of accrued and unpaid interest and recorded a loss on debt extinguishment of $6.5 million.

The Series 1 Debentures are unsecured senior obligations and rank equally with all other existing and future unsecured senior debt and senior to any subordinated debt that may be issued by us or any of our subsidiaries. The Series 1 Debentures are effectively subordinated to all secured debt to the extent of the value of the collateral.

The Series 1 Debentures are redeemable at the option of us, in whole or in part, at any time on or after: April 7, 2014 at 103.042% of the principal amount; April 7, 2015 at 101.520% of the principal amount; April 7, 2016 and thereafter at 100% of the principal amount; plus, in each case, interest accrued to the redemption date.

If a change of control, as defined in the trust indenture, occurs we will be required to offer to purchase all or a portion of each holder's Series 1 Debentures at a purchase price in cash equal to 101% of the principal amount of the debentures offered for repurchase plus accrued interest to the date of purchase.

The Series 1 Debentures are also subject to covenants limiting our ability and the ability of most or all of our subsidiaries: to incur additional debt; pay dividends or distributions on our common shares or repurchase our common shares; make various investments; create liens on our assets to secure debt; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of our property and assets and the property and assets of our subsidiaries on a consolidated basis; transfer and sell assets; and enter into sale and leaseback transactions. These covenants are subject to exceptions and qualifications that are detailed in the indenture governing the Series 1 Debentures.

We are also required to meet a financial covenant with respect to our Series 1 Debentures that restricts the amount of additional debt that we and our subsidiaries can incur. Specifically, on a pro forma basis taking such additional debt into account, on a consolidated basis our "Consolidated Fixed Charge Coverage Ratio" must be greater than 2.0 to 1.0. The "Consolidated Fixed Charge Coverage Ratio" is approximately the same calculation as the "Interest Coverage" covenant found in our Credit Facility.

We sought and obtained the required 66.67% consents of holders of the Series 1 Debentures to amend, and on October 10, 2013, we amended the Trust Indenture related to the Series 1 Debentures ("the amendment"). The amendment allows us to make Restricted Payments (as defined in the Indenture) in an aggregate amount of up to $30.0 million, subject to certain limitations. In consideration for the required consent we paid a $1.5 million fee on a pro-rated basis to the Series 1 Debenture holders that provided consent for the amendment.

The Series 1 Debentures are rated B- by Standard & Poor's (see "Debt Ratings").

Debt Ratings

On May 31, 2013, Standard and Poor's Ratings Services ("S&P") [21] reaffirmed its previous ratings of our long-term corporate credit at 'B-' and the senior unsecured debt rating at 'B-'. S&P upgraded its outlook on the corporate rating to 'stable' and reaffirmed the recovery rating on our Series 1 Debentures at '4'.

An obligation rated "B" is regarded as having speculative characteristics, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

A recovery rating of "4" for the Series 1 Debentures indicates an expectation for an average of 30% to 50% recovery in the event of a payment default.

A Standard & Poor's rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically nine months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action. A Stable outlook means that a rating is not likely to change. A Negative outlook means that a rating may be lowered. A Developing outlook means there is a one-in-three chance the rating could be raised or lowered during the two-year outlook horizon.

[21] Standard and Poor's Ratings Services (S&P), a division of The McGraw-Hill Companies, Inc.

A downgrade in our credit ratings will increase the interest rate payable on borrowings under our credit agreement, (see "Credit facilities", above). Additionally, counterparties to certain agreements may require additional security or other changes in business terms if our credit ratings are downgraded.

Furthermore, this rating is required for us to access the public debt markets, and it affects the pricing of such debt. Any downgrade in our credit rating from current levels could adversely affect our long-term financing costs, which in turn could adversely affect our ability to pursue business opportunities.

A credit rating is a current opinion of the credit worthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the credit worthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion evaluates the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default. A credit rating is not a statement of fact or recommendation to purchase, sell, or hold a financial obligation or make any investment decisions and may be subject to revision or withdrawal at any time by S&P, nor is it a comment regarding an issuer's market price or suitability for a particular investor. A credit rating speaks only as of the date it is issued and can be revised upward or downward or withdrawn at any time by the issuing rating agency if it decides circumstances warrant a revision. Definitions of the categories of each rating and the factors considered during the evaluation of each rating have been obtained from each respective rating organization's website.[22]

H. Material Contracts

We are party to the following material contracts, which are contracts other than those entered into in the ordinary course of our business, as the same have been amended from time to time:

- Indemnity Agreement between NACG Holdings Inc., NACG Preferred Corp., North American Energy Partners Inc., North American Construction Group Inc. and their respective officers and directors. Please refer to the most recently filed Notice of Annual Meeting and Management Information Circular (the "management information circular") for details;
- Indenture, dated as of April 7, 2010, among North American Energy Partners Inc., the guarantors named therein and CIBC Mellon Trust Company, as Trustee, a Supplemental Indenture dated as of April 7, 2010, among North American Energy Partners Inc., the guarantors named therein and CIBC Mellon Trust Company, as Trustee and a Second Supplemental Indenture dated as of October 16, 2013, among North American Energy Partners Inc., the guarantors named therein and BNY Trust Company of Canada, as Trustee. Please refer to “Description of Securities and Agreements – 9.125% Series 1 Debentures” for details;
- Registration Rights Agreement, dated as of November 26, 2003, among NACG Holdings Inc. and the shareholders party thereto. Please refer to “Description of Securities and Agreements – Registration Rights Agreement” for details;
- Amended and Restated 2004 Share Option Plan dated November 3, 2006. Please refer to the most recently filed management information circular for details;
- Directors Deferred Share Unit plan, dated January 1, 2008. Please refer to the most recently filed management information circular for details;
- Restricted Share Unit plan dated April 1, 2008. Please refer to the most recently filed management information circular for details;
- Overburden Removal and Mining Services Contract, dated November 17, 2004, between Canadian Natural Resources Ltd. and Noramac Ventures Inc., with the latter’s interest having been assigned to North American Construction Group Inc. by an Assignment Agreement dated February 27, 2006, all as amended by an Amending Agreement dated March 19, 2012. Please refer to “Projects, Competition and Major Suppliers – Active Projects" for details;
- Keller Sale Agreement, being that Purchase Agreement dated July 11, 2013, by and between North American Energy Partners Inc., 0971408 B.C. Ltd. and Keller Group plc, whereby North American Energy Partners Inc. divested itself of its Piling Division.

[22] This debt rating information is current as of this report and we undertake no obligation to provide investors with updated information.

For a discussion of our debt ratings, see the “Debt Ratings” section in this AIF.

- Lease dated December 1, 1997, between NAR Group Holdings Ltd., as landlord, and North American Construction Group Inc., as tenant, as renewed by a Renewal Lease Agreement dated December 1, 2002, between Norama Inc. (successor to NAR Group Holdings Ltd.), as landlord, and North American Construction Group Inc., as tenant, as amended by a Lease Amendment and Consent Agreement dated November 26, 2003, between Acheson Properties Ltd. (successor to Norama Inc.), as landlord, and North American Construction Group Inc., as tenant, and as further amended by an Amending Agreement to Lease Amendment and Consent Agreement dated September 29, 2006, between Acheson Properties Ltd., as landlord, and North American Construction Group Inc., as tenant. This lease is for our offices in Acheson, Alberta. Please refer to “Resources and Key Trends—Facilities” for details; and
- Fifth Amended and Restated Credit Agreement dated as of October 9, 2013, among North American Energy Partners Inc., Canadian Imperial Bank of Commerce and the lenders party thereto from time to time. Please refer to “Liquidity – Credit facilities” in our annual MD&A for details.

I. DIRECTORS AND OFFICERS

Director and Officer Information

Each director is elected for a one-year term or until such person’s successor is duly elected or appointed, unless his office is earlier vacated. Unless otherwise indicated below, the business address of each of our directors and executive officers is Suite 300, 18817 Stony Plain Road, Edmonton, Alberta T5S 0C2. As at February 14, 2014, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 1,811,307 common shares of the Company (representing approximately 5.2% of all issued and outstanding common shares).

The following table sets forth information about our directors and executive officers. Ages reflected are as at February 1, 2014.

Name and Municipality of Residence	Age	Position	In Role Since
Martin R. Ferron Edmonton, Alberta, Canada	57	President and Chief Executive Officer	June 7, 2012
David Blackley Sherwood Park, Alberta, Canada	52	Chief Financial Officer	June 10, 2009
Joseph C. Lambert St. Albert, Alberta, Canada	49	Chief Operating Officer	June 1, 2013
Barry W. Palmer Morinville, Alberta, Canada	52	Vice-President, Heavy Construction and Mining Operations	December 15, 2011
Ronald A. McIntosh Calgary, Alberta, Canada	72	Chairman of the Board	May 20, 2004
Carl Giesler Jr. Houston, Texas United States	42	Director	April 24, 2012
William C. Oehmig Houston, Texas, United States	64	Director	May 20, 2004
Allen R. Sello West Vancouver, British Columbia, Canada	74	Director	January 26, 2006
Jay W. Thornton Calgary, Alberta, Canada	57	Director	June 7, 2012
Peter W. Tomsett West Vancouver, British Columbia, Canada	56	Director	September 19, 2006
K. Rick Turner Houston, Texas, United States	55	Director	November 26, 2003

Martin R. Ferron joined us as President and Chief Executive Officer and a Director of the Board on June 7, 2012. Previously, Mr. Ferron was Director, President and CEO of Helix Energy Solutions Inc. (Helix), an NYSE listed international energy services company, at which he successfully refocused the company on improved project execution, asset utilization and profit performance. He also transformed Helix through a combination of measured organic growth, acquisitions and divestures, achieving a compound annual EBITDA growth rate of approximately 38% during his tenure with the company. Prior to joining Helix, Mr. Ferron worked in successively more senior management positions with oil services and construction companies including McDermott Marine Construction, Oceaneering International and Comex Group. He holds a B.Sc. in Civil Engineering from City University, London, a M.Sc. in Marine Technology from Strathclyde University, Glasgow and a MBA from Aberdeen University.

David Blackley became Chief Financial Officer on June 11, 2009. Mr. Blackley joined us as Vice-President, Finance on January 14, 2008, bringing extensive experience leading accounting and financial reporting teams and overseeing the design and implementation of internal financial controls and processes. Previously Mr. Blackley served as Vice-President, Finance of Lafarge North America's Aggregates and Concrete division. A Chartered Accountant, Mr. Blackley holds a Bachelor of Commerce from Rhodes University in South Africa.

Joseph C. Lambert became Chief Operating Officer on June 1, 2013. Mr. Lambert joined us as General Manager of Mining in April 2008 after an extensive career in the mining industry. Mr. Lambert was promoted to Vice President, Oil Sands Operations in September of 2010 and accepted the position of Vice President, Operations Support in January 2012. Prior to that, Mr. Lambert's career began in the gold industry where he spent 17 years in roles of increasing responsibility in engineering and operations both open pit and underground. Mr. Lambert's more recent contracting and oil sands experience included positions as General Manager with Ledcor and Mine Development Manager, Oil Sands with Shell. Mr. Lambert graduated from the South Dakota School of Mines and Technology with a B.S. in Mining Engineering in 1986.

Barry W. Palmer became Vice President, Heavy Construction and Mining Operations on December 15, 2011. Mr. Palmer joined us in 1982 as a Heavy Equipment Operator. Since then Mr. Palmer has advanced through the company holding positions of Operations Foreman, General Foreman, Superintendent, Project Manager, Operations Manager and General Manager of Heavy Construction and Mining. Over the course of his 34 years within the construction industry Mr. Palmer has worked in aggregate, road building, civil and heavy construction and mining. Before joining us, Mr. Palmer worked for PCL and Steels of Canada

Ronald A. McIntosh became Chairman of our Board of Directors on May 20, 2004. From January 2004 until August of 2006, Mr. McIntosh was Chairman of NAV Energy Trust, a Calgary-based oil and natural gas investment fund. Between October 2002 and January 2004, he was President and Chief Executive Officer of Navigo Energy Inc. and was instrumental in the conversion of Navigo into NAV Energy Trust. He was Senior Vice President and Chief Operating Officer of Gulf Canada Resources Limited from December 2001 to July 2002 and Vice President, Exploration and International of Petro-Canada from April 1996 through November 2001. Mr. McIntosh's significant experience in the energy industry includes the former position of Chief Operating Officer of Amerada Hess Canada. Mr. McIntosh is on the Board of Directors of Advantage Oil & Gas Ltd. and Fortealeza Energy Inc., formerly known as Alvopetro Inc.

Carl F. Giesler, Jr. became one of our Directors on April 24, 2012. Mr. Giesler is Managing Director of Investments at Harbinger Group Inc. ("HGI") and previously served as Vice President and Director of Investments at Harbinger Capital Partners LLC ("Harbinger Capital"), an affiliate of HGI. Prior to joining Harbinger Capital in 2008, Mr. Giesler was a Managing Director at AIG Financial Products Corp. ("AIG FP"), where he held a leadership role in pursuing principal investment opportunities in the oil and gas sector. Prior to joining AIG FP, he worked as an investment banker in Morgan Stanley's Global Energy Group. Mr. Giesler is a CFA charter holder and a graduate of Harvard Law School and the University of Virginia.

William C. Oehmig served as Chairman of our Board of Directors from November 26, 2003 and until passing off this position and assuming the role of Director and chair of the Executive Committee on May 20, 2004. He now serves as chairman of the Risk Committee and on the Compensation Committee. Mr. Oehmig's career began at Texas Commerce Bank in Houston in 1974. Mr. Oehmig worked in banking, mergers and acquisitions, and represented foreign investors in purchasing and managing U.S. companies in the oilfield service, manufacturing, distribution, heavy equipment and real estate sectors until 1984, when he became a Partner with The Sterling Group, a private equity investment firm in Houston, Texas. Mr. Oehmig is now an Advisory Partner to the Sterling Group.

Mr. Oehmig currently serves on the board of Universal Fibers Inc. In the past he has served as Chairman of Royster Clark, Purina Mills, Exopack and Sterling Diagnostic Imaging and has served on the board of several portfolio companies since joining Sterling. Mr. Oehmig serves or has served and Chaired on numerous other corporate non-

profit boards. Mr. Oehmig received his Bachelor of Business Administration (B.B.A.) in Economics from Transylvania University and his Masters of Business Administration (M.B.A.) from the Owen Graduate School of Management at Vanderbilt University.

Allen R. Sello became one of our Directors on January 26, 2006. His career began at Ford Motor Company of Canada in 1964, where he held finance and marketing management positions, including Treasurer. In 1979, Mr. Sello joined Gulf Canada Limited, at which he held various senior financial positions, including Vice-President and Controller. He was appointed Vice-President, Finance of its successor company Gulf Canada Resources Limited in 1987 and Chief Financial Officer in 1988. Mr. Sello then joined International Forest Products Ltd. in 1996 as Chief Financial Officer. From 1999 until his retirement in 2004 he held the position of Senior Vice-President and Chief Financial Officer for UMA Group Limited. Mr. Sello is a former director of Sterling Shoes Inc., Asamera Minerals Inc., software development companies Infowave Software Inc. and Braintech Inc., and former Chair of the Vancouver Board of Trade Government Budget and Finance Committee. Mr. Sello received his Bachelor of Commerce from the University of Manitoba and his Masters of Business Administration from the University of Toronto.

Jay W. Thornton became one of our Directors on June 7, 2012. Mr. Thornton has over 28 years of oil and gas experience. He spent the first part of his career in various management positions with Shell. Over the past 12 years, he has held various operating and corporate executive positions with Suncor Energy, Canada's largest integrated energy company. He spent four years in Fort McMurray at Suncor's Oil Sands mining operations. His most recent position with Suncor was Executive Vice President of Supply, Trading and Development. Mr. Thornton has held previous board positions with both the Canadian Association of Petroleum Producers (CAAP) and the Canadian Petroleum Products Institute (CPPI). He was a past board member of the YMCA Fort McMurray and a US-based mining company, Xinergy Ltd. He is currently a member of the board of a Canadian oil and gas company, PennWest, as well as a member of the board of a private Calgary-based oil and gas company. Mr. Thornton is a graduate of McMaster University with an Honours degree in Economics. He is also a recent graduate of the Institute of Corporate Directors (ICD) Directors Education Program.

Peter W. Tomsett became one of our Directors on September 20, 2006. From September 2004 to January 2006, Mr. Tomsett was President & Chief Executive Officer of Placer Dome Inc. based in Vancouver. He joined the Placer Dome Group in 1986 as a Mining Engineer with the Project Development group in Sydney, Australia. After various project and operating positions, he assumed the role of Executive Vice-President, Asia-Pacific for Placer Dome Inc. in 2001. In 2004, Mr. Tomsett also took on responsibility for Placer Dome Africa which included mines in South Africa and Tanzania. Mr. Tomsett has been a Director of the Minerals Council of Australia, the World Gold Council and the International Council for Mining & Metals. Mr. Tomsett graduated with a Bachelor of Engineering (Honours) in Mining Engineering from the University of New South Wales and also attained a Master of Science (Distinction) in Mineral Production Management from Imperial College, London. Mr. Tomsett is also Chairman of Silver Standard Resources Inc. and a director of Talisman Energy Inc. and African Barrick Gold plc.

K. Rick Turner became one of our Directors on November 26, 2003. Mr. Turner recently retired from the Stephens' family entities. Prior to his retirement, Mr. Turner was a private equity principal of the Stephens Group, LLC, a private, family-owned investment firm, since 1990. Mr. Turner is currently active with several private equity groups, most particularly, Maxim Partners, LLC. Mr. Turner has extensive experience investing in companies focused on oil and gas exploration, energy services, natural gas gathering and processing, and power technology. Prior to joining Stephens in 1983, he was employed by Peat, Marwick, Mitchell and Company. Mr. Turner currently serves as a board member for several private companies and two other publicly held companies: Energy Transfer Equity, L.P., and AmeriGas Propane Inc., general partner of AmeriGas Partners, L.P. He formerly served on the board of Energy Transfer Partners, L.P. for over 10 years. Mr. Turner earned his B.S.B.A. from the University of Arkansas and is a non-practicing Certified Public Accountant.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Ronald A. McIntosh is a director of Alvopetro Inc. (Alvopetro), formerly known as Fortress Energy Inc. On March 2, 2011, the Court of Queen's Bench of Alberta granted an order (the “Order”) under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") staying all claims and actions against Alvopetro and its assets and allowing Alvopetro to prepare a plan of arrangement for its creditors if necessary. Alvopetro took such step in order to enable Alvopetro to challenge a reassessment issued by the Canada Revenue Agency (“CRA”). As a result of the reassessment, if Alvopetro had not taken any action, it would have been compelled to immediately remit one half of the reassessment to the CRA and Alvopetro did not have the necessary liquid funds to remit, although Alvopetro had assets in excess of its liabilities with sufficient liquid assets to pay all other liabilities and trade payables. Alvopetro believed that the CRA's position was not sustainable and vigorously disputed the CRA's claim. Alvopetro

filed a Notice of Objection to the reassessment and on October 20, 2011 announced that its Notice of Objection was successful, CRA having confirmed there were no taxes payable. As the CRA claim had been vacated and no taxes or penalties were owing Alvopetro no longer required the protection of the Order under the CCAA and on October 28, 2011 the Order was removed. On March 3, 2011 the TSX suspended trading in the securities of Alvopetro due to Alvopetro having been granted a stay under the CCAA. In addition the securities regulatory authorities in Alberta, Ontario and Quebec issued a cease trade order with respect to Alvopetro for failure to file its annual financial statements for the year ended December 31, 2010 by March 31, 2011. The delay in filing was due to Alvopetro being granted the CCAA order on March 2, 2011 and the resulting additional time required by its auditors to deliver their audit opinion. The required financial statements and other continuous disclosure documents were filed on April 29, 2011 and the cease trade order was subsequently removed. On September 1, 2010 Alvopetro closed the sale of substantially all of its oil and gas assets. As a result of the sale Alvopetro was delisted from the TSX on March 30, 2011 as it no longer met minimum listing requirements.

William C. Oehmig served as a director of Propex Inc., which voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code on January 18, 2008 in order to allow it to restructure its US operations. Mr. Oehmig also served as director of Panolam Industries Inc., which voluntarily filed a petition under Chapter 11 of the U.S. Bankruptcy Code on November 4, 2009 to implement a Debt Restructuring Plan.

Allen R. Sello served as a director of Sterling Shoes Inc. (“Sterling”) until January 22, 2013. Pursuant to orders of the Supreme Court of British Columbia, including an initial order dated October 21, 2011, Sterling and each of its subsidiaries obtained creditor protection under the Companies' Creditors Arrangement Act (Canada), staying all claims and actions against Sterling and its assets and allowing Sterling to conduct a court-approved asset sale. The Sterling assets have since been sold and the resulting proceeds have been distributed to its creditors.

Interest of Management and Others in Material Transactions

Other than as disclosed in the “Related Parties” section of our annual MD&A, which section is expressly incorporated by reference into this AIF, there are no interests of management or other officers or directors in material transactions.

J. THE BOARD AND BOARD COMMITTEES

Our board supervises the management of our business as provided by Canadian law. We comply with the listing requirements of the New York Stock Exchange applicable to domestic listed companies, which require that our board of directors be composed of a majority of independent directors. Accordingly, a majority of our board members are independent.

Our board has established the following committees:

Audit Committee

The Audit Committee recommends the appointment of independent public accountants to the board of directors, reviews the quarterly and annual financial statements and related MD&A, press releases, auditor reports and the fees paid to our auditors. The Audit Committee approves quarterly financial statements and recommends annual financial statements for approval to the board of directors. In accordance with Rule 10A-3 under the Securities Exchange Act of 1934, as amended, the listing requirements of the New York Stock Exchange and the requirements of the Canadian Securities regulatory authorities, our board of directors has affirmatively determined that our Audit Committee is composed solely of independent directors. The board of directors has determined that Mr. Allen R. Sello is the audit committee financial expert, as defined by Item 407(d) (5) of the SEC’s Regulation S-K. Our board of directors has adopted a written charter for the Audit Committee that is attached as Exhibit A to this AIF. The Audit Committee is currently composed of Messrs. Giesler, Thornton, Sello and Turner, with Mr. Sello serving as Chairman. Based on their experience (see “Directors and Officers” above), each of the members of the Audit Committee is financially literate. The members of the audit committee have significant exposure to the complexities of financial reporting associated with us and are able to provide due oversight and the necessary governance over our financial reporting.

Our auditors are KPMG LLP. Our Audit Committee pre-approved the engagement of KPMG to perform the audit of our financial statements for the year ended December 31, 2013. The fees we have paid to KPMG for services rendered by them include:

- Audit Fees – KPMG billed us for $829, $993 and $1,026 for audit fees during the years ended December 31, 2013, 2012 and 2011, respectively. Audit fees were incurred for the audit of our annual financial statements, the audit of internal controls over financial reporting, related audit work in connection with registration statements

and other filings with various regulatory authorities and the quarterly interim reviews of the consolidated financial statements. Additional audit fees were incurred for the year ended December 31, 2013 related to the sale of the Piling business and the change of the financial reporting year-end to a calendar year-end to perform the audit of the comparative year-end financial statements for the year ended December 31, 2012 and the opening balance sheet of that year.

- Audit Related Fees – No audit related fees were incurred for the years ended December 31, 2013, 2012 and 2011, respectively.
- Tax Fees – No income tax advisory and compliance services fees were incurred for the years ended December 31, 2013, 2012 and 2011, respectively.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for supervising executive compensation policies for us and our Subsidiaries, administering the employee incentive plans, reviewing officers' salaries, approving significant changes in executive employee benefits and recommending to the board such other forms of remuneration as it deems appropriate. In accordance with the listing requirements of the New York Stock Exchange applicable to domestic listed companies and applicable Canadian securities laws, our board of directors has affirmatively determined that our Human Resources and Compensation Committee is composed solely of independent directors. Our board of directors has adopted a written charter for the Human Resources and Compensation Committee that is available on our website at www.nacg.ca. The Human Resources and Compensation Committee is currently comprised of Messrs. Giesler, Oehmig, Sello and Tomsett, with Mr. Tomsett serving as Chairman. None of the members of the Human Resources and Compensation Committee is or has been one of our officers or employees, and none of our executive officers served during fiscal 2013 on a board of directors of another entity which has employed any of the members of the Human Resources and Compensation Committee.

Governance Committee

The Governance Committee is responsible for recommending to the board of directors proposed nominees for election to the board of directors by the shareholders at annual meetings and for conducting an annual review as to the re-nominations of incumbents and proposed nominees for election by the board of directors to fill vacancies that occur between shareholder meetings. The Governance Committee also makes recommendations to the board of directors regarding corporate governance matters and practices. In accordance with the listing requirements of the New York Stock Exchange applicable to domestic listed companies and applicable Canadian securities laws, our board of directors has affirmatively determined that our Governance Committee is composed solely of independent directors. Our board of directors has adopted a written charter for the Governance Committee that is available on our website at www.nacg.ca. The Governance Committee is currently comprised of Messrs. McIntosh, Thornton and Turner, with Mr. McIntosh serving as Chairman.

Health, Safety, Environment and Business Risk Committee

The Health, Safety, Environment and Business Risk Committee (the "HSE&B Risk Committee") is responsible for monitoring, evaluating, advising and making recommendations on matters relating to the health and safety of our employees, the management of our health, safety and environmental risks, due diligence related to health, safety and environment matters, as well as the integration of health, safety, environment, economics and social responsibility into our business practices. The HSE&B Risk Committee is also responsible for overseeing all of our non-financial risks, approving our risk management policies, monitoring risk management performance, reviewing the risks and related risk mitigation plans within our strategic plan, reviewing and approving tenders and contracts greater than $50 million in expected revenue and any other matter where board guidelines require approval at a level above President & CEO, and reviewing and monitoring all insurance policies including directors and officers insurance coverage. Our board of directors has affirmatively determined that our HSE&B Risk Committee is composed solely of independent directors. Our board of directors has adopted a written charter for the HSE&B Risk Committee that is available on our website at www.nacg.ca. The HSE&B Risk Committee is currently comprised of Messrs. Oehmig, Thornton and Tomsett, with Mr. Oehmig serving as Chairman.

K. FORWARD-LOOKING INFORMATION, ASSUMPTIONS AND RISK FACTORS

Forward-Looking Information

This document contains forward-looking information that is based on expectations and estimates as of the date of this document. Our forward-looking information is information that is subject to known and unknown risks, uncertainties,

assumptions and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward-looking information including those listed in the “Forward-Looking Information, Assumptions and Risk Factors” section of our annual MD&A, which section is expressly incorporated by reference into this AIF. Forward-looking information is information that does not relate strictly to historical or current facts and can be identified by the use of the future tense or other forward-looking words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “should”, “may”, “could”, “would”, “target”, “objective”, “projection”, “forecast”, “continue”, “strategy”, “intend”, “position” or the negative of those terms or other variations of them or comparable terminology.

Examples of such forward-looking information in this document include, but are not limited to, statements with respect to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions that may prove to be incorrect:

1. The expectation that we may receive contingent proceeds based on certain profitability thresholds being achieved from the use of the assets and liabilities sold in connection with the Piling sale.
2. Our belief that growth in oil sands capital spending is expected to be driven by the development of new mines and the expansion of existing mines.
3. Our belief that 2014 oil sands capital spending activity levels are likely to drive strong demand for construction services and provide additional bidding opportunities.
4. We do not anticipate a tire shortfall.

While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information or the forward-looking information and related risks, assumptions or other information expressly incorporated by reference into this AIF, except as required by applicable securities laws. Such forward-looking information represents our views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** These factors are not intended to represent a complete list of the assumptions and factors that could affect us. See “Assumptions” and “Business Risk Factors” below and risk factors highlighted in materials filed with the securities regulatory authorities filed in the United States and Canada from time to time, including, but not limited to, our most recent annual MD&A, which section is expressly incorporated by reference in this AIF.

Assumptions

In addition to those listed in the “Forward-Looking Information, Assumptions and Risk Factors” section of our annual MD&A, which section is expressly incorporated by reference into this AIF, the material factors or assumptions used to develop the above forward-looking statements include, but are not limited to:

1. Gains from the sale of assets following the Piling sale occurring as anticipated;
2. Our tire contracts, allocations and inventory will meet our tire supply needs.
3. The demand for our service offerings remains strong;
4. The oil sands continuing to be an economically viable source of energy;
5. Our customers and potential customers continuing to invest in the oil sands and other resource developments and to outsource activities for which we are capable of providing services;
6. The Western Canadian economy continuing to develop and to receive additional investment in public construction;
7. Our ability to benefit from recurring services revenue and projected development revenue tied to the operational activities of the oil sands;

8. Our ability to secure specific types of rental equipment to support project development activity will allow us to meet our customers' variable service requirements while balancing the need to maximize utilization of our own equipment; and

9. Our success in managing our business, maintaining and growing our relationships with customers, retaining new customers, integrating our acquisitions, competing in the bidding process to secure new projects, executing our growth strategy and identifying and implementing improvements in our maintenance and fleet management practices.

Risk Factors

The risks and uncertainties that could cause actual results to differ materially from the information presented in the above forward-looking statements and assumptions include, but are not limited to the risks detailed below.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk that future revenue or operating expense related cash flows, the value of financial instruments or cash flows associated with the instrument will fluctuate because of changes in market prices such as foreign currency exchange rates and interest rates. The level of market risk to which we are exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of our financial assets and liabilities held, non-trading physical assets and contract portfolios.

To manage the exposure related to changes in market risk, we use various risk management techniques including the use of derivative instruments. Such instruments may be used to establish a fixed price for a commodity, an interest-bearing obligation or a cash flow denominated in a foreign currency.

The sensitivities provided below are hypothetical and should not be considered to be predictive of future performance or indicative of earnings on these contracts.

Foreign exchange risk

Foreign exchange risk refers to the risk that future revenue or operating expense related cash flows, the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in foreign exchange rates.

We regularly transact in foreign currencies when purchasing equipment and spare parts as well as certain general and administrative goods and services. These exposures are generally of a short-term nature and the impact of changes in exchange rates has not been significant in the past. We may fix our exposure in either the Canadian dollar or the US dollar for these short-term transactions, if material.

At December 31, 2013, with other variables unchanged, the impact of a $0.01 increase (decrease) in exchange rates of the Canadian dollar to the US dollar on short-term exposures would not have a significant impact to other comprehensive income.

Interest rate risk

We are exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of our financial instruments. Amounts outstanding under our amended credit facilities are subject to a floating rate. Our Series 1 Debentures are subject to a fixed rate. Our interest rate risk arises from long-term borrowings issued at fixed rates that create fair value interest rate risk and variable rate borrowings that create cash flow interest rate risk.

In some circumstances, floating rate funding may be used for short-term borrowings and other liquidity requirements. We may use derivative instruments to manage interest rate risk. We manage our interest rate risk exposure by using a mix of fixed and variable rate debt and may use derivative instruments to achieve the desired proportion of variable to fixed-rate debt.

At December 31, 2013, we held $nil of floating rate debt pertaining to our Credit Facilities within our credit agreement (December 31, 2012 – $62.3 million).

Business Risk Factors

- ***There can be no certainty that any or all of the contingent consideration from the sale of the Piling business will be received. Failure to receive the contingent consideration could negatively impact the market price of the Common Shares.***

  We may receive up to $92.5 million in additional proceeds over the next three years as part of the sale of the Piling business, contingent on the Purchaser achieving prescribed profitability thresholds from the assets and liabilities sold. The ability to meet such profitability targets is dependent on a number of factors, including the successful operation of the piling business during this time and on economic conditions in the industry. There can be no assurance that these profitability targets will be met and that we will receive any or all of the contingent consideration. If the contingent consideration is not received, the market price of the Common Shares may decline to the extent that the market price reflects a market assumption that some or all of the contingent consideration will be received.

- ***Anticipated new major capital projects in the oil sands may not materialize.***

  Notwithstanding the National Energy Board's estimates regarding new capital investment and growth in the Canadian oil sands, planned and anticipated capital projects in the oil sands may not materialize. The underlying assumptions on which the capital projects are based are subject to significant uncertainties, and actual capital investments in the oil sands could be significantly less than estimated. Projected investments in new capital projects may be postponed or cancelled for any number of reasons, including among others:

  - technological advancements improve the economic viability of alternative sources of heavy and light crude oil
  - changes in the perception of the economic viability of these projects;
  - shortage of pipeline capacity to transport production to major markets;
  - lack of sufficient governmental infrastructure funding to support growth;
  - delays in issuing environmental permits or refusal to grant such permits;
  - shortage of skilled workers in this remote region of Canada;
  - cost overruns on announced projects; and
  - reductions in available credit for customers to fund capital projects.

- **Short-notice customer communication of reduction in their mine development or support service requirements, in which we are participating, could lead to our inability to secure replacement work for our dormant equipment and could subject us to non-recoverable costs.**

  We allocate and mobilize our equipment and hire personnel based on estimated equipment and service plans supplied by our customers. At the start of each new project, we incur significant start-up costs related to the mobilization and maintenance configuration of our heavy equipment along with personnel hiring, orientation, training and housing costs for staff ramp-ups and redeployments. We expect to recover these start-up costs over the planned volumes of the projects we are awarded. Significant reductions in our customer's required equipment and service needs, with short notice, could result in our inability to redeploy our equipment and personnel in a cost effective manner. Our ability to maintain revenues and margins may be adversely affected to the extent these events cause reductions in the utilization of equipment and we can no longer recover our start-up costs over the reduced volume plan of our customers.

- ***Unanticipated short-term shutdowns of our customers' operating facilities may result in temporary cessation or cancellation of projects in which we are participating.***

  The majority of our work is generated from the development, expansion and ongoing maintenance of oil sands mining, extraction and upgrading facilities. Unplanned shutdowns of these facilities due to events outside our control or the control of our customers, such as fires, mechanical breakdowns and technology failures, could lead to the temporary shutdown or complete cessation of projects on which we are working. When these events have happened in the past, our business has been adversely affected. Our ability to maintain revenues and margins may be adversely affected to the extent these events cause reductions in the utilization of equipment.

- ***An unfavourable resolution to our significant project claims could result in a revenue write-down in future periods.***

  Included in our revenues is a total of $17.1 million relating to disputed claims or unapproved change orders. Although we believe that we are entitled to such revenue and that we will collect such revenue, if we are not able to resolve these claims and undertake legal action in respect of these claims, there is no guarantee that a court will rule in our favour.

  There is also the possibility that we could choose to accept less than the full amount of a claim as a settlement to avoid legal action. In either such case, a resolution or settlement of the claims in an amount less than the amount recognized as claims revenue could lead to a future write-down of revenue and profit.

- ***Our operations are subject to weather-related and environmental factors that may cause delays in our project work.***

  Because our operations are primarily located in Northern Alberta (Fort McMurray) we are subject to extreme weather conditions. While our operations are not significantly affected by normal seasonal weather patterns, extreme weather conditions, including heavy rain, snow, spring thaw, and forest fire conditions can cause delays in our project work, which could adversely affect our results of operations.

- ***Our ability to maintain planned project margins on projects with longer-term contracts with fixed or indexed price escalators may be hampered by the price escalators not accurately reflecting increases in our costs over the life of the contract.***

  Our ability to maintain planned project margins on longer-term contracts with contracted price escalators is dependent on the contracted price escalators accurately reflecting increases in our costs. If the contracted price escalators do not reflect actual increases in our costs, we will experience reduced project margins over the remaining life of these longer-term contracts.

  In strong economic times, the cost of labour, equipment, materials and sub-contractors is driven by the market demand for these project inputs. The level of increased demand for project inputs may not have been foreseen at the inception of the longer-term contracts with fixed or indexed price escalators resulting in reduced margins over the remaining life of the longer-term contracts. Certain of these price escalators could be considered derivative financial instruments (see "Significant Accounting Policies - Derivative Financial Instruments" in our audited consolidated financial statements for the year ended December 31, 2013).

- ***Our customer base is concentrated, and the loss of or a significant reduction in business from a major customer could adversely affect our financial condition***

  Most of our revenue comes from the provision of services to a small number of major oil sands mining companies. Revenue from our five largest customers represented approximately 97%, 76% and 89% of our total revenue for the years ended December 31, 2013, 2012 and 2011, respectively, and those customers are expected to continue to account for a significant percentage of our revenues in the future. If we lose or experience a significant reduction of business or profit from one or more of our significant customers, we may not be able to replace the lost work or income with work or income from other customers. Our long-term contracts typically allow our customers to unilaterally reduce or eliminate the work that we are to perform under the contract. Our contracts also generally allow the customer to terminate the contract without cause and, in many cases, with minimal or no notice to us. Additionally, certain of these contracts provide for limited compensation following such suspension or termination of operations and we can provide no assurance that we could replace the lost work with work from other customers. The loss of or significant reduction in business with one or more of our major customers, whether as a result of the completion, early termination or suspension of a contract, or failure or inability to pay amounts owed to us, could have a material adverse effect on our business and results of operations.

- ***A significant amount of our revenue is generated by providing construction services for fixed term projects.***

  More than 32% of our revenue for the year ended December 31, 2013 was derived from projects that we consider to be construction services. This revenue primarily relates to site preparation services provided for the construction of extraction, upgrading and other oil sands mining infrastructure projects. There is no guarantee that we will find additional sources for generating construction services revenue in 2014.

- ***A change in strategy by our customers to reduce outsourcing could adversely affect our results.***

  Outsourced heavy construction and mining services constitute a large portion of the work we perform for our customers. The election by one or more of our customers to perform some or all of these services themselves, rather than outsourcing the work to us, could have a material adverse impact on our business and results of operations. Certain customers perform some of this work internally and may choose to expand on the use of internal resources to complete this work if they believe they can perform this work in a more cost effective and efficient manner using their internal resources.

- ***Our ability to grow our operations in the future may be hampered by our inability to obtain long lead time equipment and tires, which can be in limited supply during strong economic times.***

  Our ability to grow our business is, in part, dependent upon obtaining equipment on a timely basis. Due to the long production lead times of suppliers of large mining equipment during strong economic times, we may have to forecast our demand for equipment many months or even years in advance. If we fail to forecast accurately, we could suffer equipment shortages or surpluses, which could have a material adverse impact on our financial condition and results of operations.

  In strong economic times, global demand for tires of the size and specifications we require can exceed the available supply. Our inability to procure tires to meet the demands for our existing fleet as well as to meet new demand for our services could have an adverse effect on our ability to grow our business.

- ***Reduced availability or increased cost of leasing our equipment fleet could adversely affect our results.***

  A portion of our equipment fleet is currently leased from third parties. Other future projects may require us to lease additional equipment. If equipment lessors are unable or unwilling to provide us with reasonable lease terms within our expectations, it will significantly increase the cost of leasing equipment or may result in more restrictive lease terms that require recognition of the lease as a capital lease.

- ***We may not be able to access sufficient funds to finance a growth in our working capital or equipment requirements.***

  We have a significant amount of debt outstanding with associated debt service requirements. As of December 31, 2013, we had outstanding $196.0 million of debt, including $43.3 million of capital leases (debt includes all liabilities with the exception of deferred income taxes). While this is a significant reduction from prior years, our current indebtedness continues to restrict our flexibility, consequently it:

  - limits our ability to obtain additional financing to fund our working capital, capital expenditures, debt service requirements, potential growth or other purposes;
  - limits our ability to use operating cash flow in other areas of our business;
  - limits our ability to post surety bonds required by some of our customers;
  - places us at a competitive disadvantage compared to competitors with less debt;
  - increases our vulnerability to, and reduces our flexibility in planning for, adverse changes in economic, industry and competitive conditions; and
  - increases our vulnerability to increases in interest rates because borrowings under our revolving credit facility and payments under some of our equipment leases are subject to variable interest rates.

  Further, if we do not have sufficient cash flow to service our debt, we would need to refinance all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can guarantee we will be able to achieve on commercially reasonable terms, if at all.

- ***Cost overruns by our customers on their projects may cause our customers to terminate future projects or expansions that could adversely affect the amount of work we receive from those customers.***

  Oil sands development projects require substantial capital expenditures. In the past, several of our customers' projects have experienced significant cost overruns, affecting their returns. If cost overruns continue to challenge our customers, they could reassess future projects and expansions that could adversely affect the amount of work we receive from our customers.

- ***Because most of our customers are Canadian energy companies, a downturn in the Canadian energy industry or a global reduction in the demand for oil and related commodities could result in a decrease in the demand for our services.***

  Most of our customers are Canadian energy companies. A downturn in the Canadian energy industry has previously led our customers to slow down or curtail their future capital expansions that, in turn, reduced our revenue from those customers on their capital projects. Another economic downturn in the Canadian energy industry or a global reduction in the demand for oil could have an adverse impact on our financial condition and results of operations. In addition, a reduction in the number of new oil sands capital projects by customers would also likely result in increased competition among oil sands service providers, which could also reduce our ability to successfully bid for new capital projects.

- ***Lump-sum and unit-price contracts expose us to losses when our estimates of project costs are lower than actual costs.***

  Approximately, 74%, 74% and 52% of our revenue for the years ended December 31, 2013, 2012 and 2011, respectively, was derived from lump-sum and unit-price contracts. Lump-sum and unit-price contracts require us to guarantee the price of the services we provide and thereby expose us to losses if our estimates of project costs are lower than the actual project costs we incur. Our profitability under these contracts is dependent upon our ability to accurately predict the costs associated with our services. The costs we actually incur may be affected by a variety of factors including those that are beyond our control. Factors that may contribute to actual costs exceeding estimated costs and which therefore affect profitability include, without limitation:

  - site conditions differing from those assumed in the original bid;
  - scope modifications during the execution of the project;
  - the availability and cost of skilled workers;
  - the availability and proximity of materials;
  - unfavourable weather conditions hindering productivity;
  - inability or failure of our customers to perform their contractual commitments;
  - equipment availability, productivity and timing differences resulting from project construction not starting on time; and
  - the general coordination of work inherent in all large projects we undertake.

  When we are unable to accurately estimate and adjust for the costs of lump-sum and unit-price contracts, or when we incur unrecoverable cost overruns, the related projects result in lower margins than anticipated or may incur losses, which could adversely affect our results of operations, financial condition and cash flow.

- ***Significant labour disputes could adversely affect our business.***

  Substantially all of our hourly employees are subject to collective bargaining agreements to which we are a party or are otherwise subject. Any work stoppage resulting from a strike or lockout could have a material adverse effect on our business, financial condition and results of operations. In addition, our customers employ workers under collective bargaining agreements. Any work stoppage or labour disruption experienced by our key customers could significantly reduce the amount of our services that they need.

Risks Factors Related to Our Common Shares

- ***If our share price fluctuates, an investor could lose a significant part of their investment.***

  There has been significant volatility in the market price and trading volume of equity securities, which is unrelated to the financial performance of the companies issuing the securities. The market price of our common shares is likely to be similarly volatile, and an investor may not be able to resell our shares at or above the price at which the investor acquired the shares due to fluctuations in the market price of our common shares, including changes in price caused by factors unrelated to our operating performance or prospects.

  Specific factors that may have a significant effect on the market price for our common shares include:

  - changes in projections as to the level of capital spending in the oil sands region;

- changes in stock market analyst recommendations or earnings estimates regarding our common shares, other comparable companies or the construction or oil and gas industries generally;
- actual or anticipated fluctuations in our operating results or future prospects;
- reaction to our public announcements;
- strategic actions taken by us or our competitors, such as acquisitions or restructuring;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business and operations;
- changes in accounting standards, policies, guidance, interpretations or principles;
- adverse conditions in the financial markets or general economic conditions, including those resulting from war, incidents of terrorism and responses to such events;
- sales of common shares by us, members of our management team or our existing shareholders; and
- the extent of analysts' interest in following our company.

- ***Future sales or the perception of future sales of a substantial amount of our common shares may depress the price of our common shares.***

  Future sales or the perception of the availability for sale of substantial amounts of our common shares could adversely affect the prevailing market price of our common shares and could impair our ability to raise capital through future sales of equity securities at a time and price that we deem appropriate.

- ***We may issue additional common shares, which would dilute the percentage ownership interest of our existing shareholders.***

  We may issue our common shares or convertible securities from time to time as consideration for future acquisitions and investments. In the event any such acquisition or investment is significant, the number of common shares or convertible securities that we may issue could be significant. We may also grant registration rights covering those shares or convertible securities in connection with any such acquisitions and investments. Any additional capital raised through the sale of our common shares or securities convertible into our common shares will dilute our common shareholders' percentage ownership in us.

- ***Our principal shareholders are in a position to affect our ongoing operations, corporate transactions and other matters, and their interests may conflict with or differ from the interests of our other common shareholders.***

  As at February 14, 2014, investment entities controlled by the significant shareholders, collectively held approximately 64% of our common shares. As a result, the significant shareholders and their affiliates would be able to exert influence over the outcome of most matters submitted to a vote of our shareholders, including the election of members of our board of directors, if they were to act together.

  Regardless of whether the significant shareholders maintain a significant interest in our common shares, so long as a designated affiliate of each significant shareholder holds our common shares, such significant shareholder will have certain rights, including the right to obtain copies of financial data and other information regarding us, the right to consult with and advise our management and the right to visit and inspect any of our properties and facilities. See "Interest of Management and Others in Material Transactions – Advisory Agreements".

  For so long as the significant shareholders own a significant percentage of our outstanding common shares, even if less than a majority, the significant shareholders will be able to exercise influence over our business and affairs, including the incurrence of indebtedness by us, the issuance of any additional common shares or other equity securities, the repurchase of common shares and the payment of dividends, if any, and will have the power to influence the outcome of matters submitted to a vote of our shareholders, including election of directors, mergers, consolidations, sales or dispositions of assets, other business combinations and amendments to our articles of incorporation. The interests of the significant shareholders and their affiliates may not coincide with the interests of our other shareholders. In particular, the significant shareholders and their affiliates are in the business of making investments in companies and they may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. The significant shareholders and their affiliates may also pursue, for their own account, acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us.

So long as the significant shareholders and their affiliates continue to own a significant portion of the outstanding common shares, they will continue to be able to influence our decisions.

- ***Fluctuations in the value of the Canadian and US dollars can affect the value of our common shares and future dividends, if any.***

  Our operations and our principal executive offices are in Canada. Accordingly, we report our results in Canadian dollars. The value of a US shareholder's investment in us will fluctuate as the US dollar rises and falls against the Canadian dollar. Also, if we pay dividends in the future, we will pay those dividends in Canadian dollars. Accordingly, if the US dollar rises in value relative to the Canadian dollar, the US dollar value of the dividend payments received by a US common shareholder would be less than they would have been if exchange rates were stable.

- ***We currently do not intend to pay dividends on our common shares, and our ability to pay dividends is limited by the indenture that governs our notes, our subsidiaries' ability to distribute to us and Canadian law.***

  We have never paid cash dividends on our common shares. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend on our results of operations, financial condition, current and anticipated cash needs, contractual restrictions, restrictions imposed by applicable law and other factors that our board of directors considers relevant. Our ability to declare dividends is restricted by the terms of the indenture that governs our notes. See "Description of Securities and Agreements - Capital Structure".

  Substantially all of the assets shown on our consolidated balance sheet are held by our subsidiaries. Accordingly, our earnings and cash flow and our ability to pay dividends are largely dependent upon the earnings and cash flows of our subsidiaries and the distribution or other payment of such earnings to us in the form of dividends.

  Our ability to pay dividends is also subject to the satisfaction of a statutory solvency test under Canadian law, which requires that there be no reasonable grounds for believing that (i) we are, or would after the payment be, unable to pay our liabilities as they become due or (ii) the realizable value of our assets would, after payment of the dividend, be less than the aggregate of our liabilities and stated capital of all classes.

- ***We are a holding company and rely on our subsidiaries for our operating funds, and our subsidiaries have no obligation to supply us with any funds***

  We are a holding company with no operations of our own. We conduct our operations through subsidiaries and are dependent upon our subsidiaries for the funds we need to operate. Each of our subsidiaries is a distinct legal entity and has no obligation to transfer funds to us. The ability of our subsidiaries to transfer funds to us could be restricted by the terms of our financings. The payment of dividends to us by our subsidiaries is subject to legal restrictions as well as various business considerations and contractual provisions, which may restrict the payment of dividends and distributions and the transfer of assets to us.

- ***Actions against us and some of our directors and officers may not be enforceable under US federal securities laws.***

  We are a corporation incorporated under the Canada Business Corporations Act (Alberta). Consequently, we are and will be governed by all applicable provincial and federal laws of Canada. Several of our directors and officers reside principally in Canada. Because these persons are located outside the United States, it may not be possible for investors to effect service of process within the United States upon those persons. Furthermore, it may not be possible for you to enforce against us or them, in or outside the United States, judgments obtained in US courts, because substantially all of our assets and the assets of these persons are located outside the United States. We have been advised that there is doubt as to the enforceability, in original actions in Canadian courts, of liabilities based upon the US federal securities laws and as to the enforceability in Canadian courts of judgments of US courts obtained in actions based upon the civil liability provisions of the US federal securities laws. Therefore, it may not be possible to enforce those actions against us, our directors and officers or other persons named in this AIF.

Risk Factors Relating to Debt Securities

- ***Unsecured nature of the Series 1 Debentures***

  Our Series 1 Debentures are direct unsecured obligations of the Company ranking equally and *pari passu* with all other unsecured and unsubordinated indebtedness of the Company. Our Series 1 Debentures are

effectively subordinated to all existing and future secured debt of the Company, to the extent of the assets securing such debt. If the Company is involved in any bankruptcy, dissolution, liquidation, reorganization or other insolvency proceeding, the secured debt holders would be paid before the holders of Series 1 Debentures receive any amounts due under the terms of the trust indenture governing such Series 1 Debentures (the "Debenture Indenture") to the extent of the assets securing the secured debt. In that event, a holder of our Series 1 Debentures may not be able to recover any principal or interest due to it under the terms of the Debenture Indenture.

- ***Unsecured nature of obligations under guarantees***

  Our Series 1 Debentures are guaranteed. The obligations under the guarantees are direct unsecured obligations of each of the guarantors ranking equally and *pari passu* with all other unsecured and unsubordinated indebtedness of the guarantors. The obligations under such guarantees will be effectively subordinated to all existing and future secured debt of the guarantors, to the extent of the assets securing such debt. If the applicable guarantor is involved in any bankruptcy, dissolution, liquidation, reorganization or other insolvency proceeding when the Guarantee is called upon, the secured debt holders would be paid before the holders of any of our Series 1 Debentures receive any amounts due under the Debenture Indenture, pursuant to the guarantee, to the extent of the assets securing the secured debt. In that event, a holder of such Series 1 Debentures may not be able to recover any principal or interest due to it under the Debenture Indenture, pursuant to the guarantee.

- ***Lack of liquidity***

  There is no public market for our Series 1 Debentures. The market price and value of our Series 1 Debentures may be affected by changes in general market conditions, fluctuations in the market for equity and debt securities, prevailing interest rates and numerous other factors beyond the Company's control.

- ***Credit risk***

  The likelihood that purchasers of our Series 1 Debentures will receive payments owing to them under the terms of the Debenture Indenture will depend on the financial health of NAEPI and its credit worthiness.

- ***Restrictions on our ability to incur debt***

  The terms of our Series 1 Debentures and our credit facility contain restrictions on our ability to raise capital through issuing or incurring additional debt. Failure to raise capital when required could have a material adverse effect on our business, financial condition and results of operations.

- ***Change of control***

  NAEPI may be required to repurchase all of our outstanding Series 1 Debentures upon the occurrence of a change of control. If a change of control were to occur, NAEPI may lack sufficient funds to pay the purchase price for all tendered Series 1 Debentures. NAEPI's failure to purchase tendered debentures would constitute an event of default under the Debenture Indenture, which, without consent, might constitute a default under the terms of NAEPI's other indebtedness.

- ***Credit ratings may not reflect all risks of an investment in debt securities and may change***

  Credit ratings may not reflect all risks associated with an investment in our Series 1 Debentures. The credit ratings applied to our Series 1 Debentures will be an assessment by the relevant ratings agency of NAEPI's ability to pay its obligations as of the respective dates the ratings are assigned. Consequently, real or anticipated changes in the credit ratings will generally affect the market value of our Series 1 Debentures. The credit ratings, however, may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of our Series 1 Debentures. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit ratings accorded to our Series 1 Debentures are not a recommendation to purchase, hold or sell our Series 1 Debentures, because ratings do not comment as to market price or suitability for a particular investor. There is no assurance that the ratings accorded to our Series 1 Debentures will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely in the future by the relevant rating agency. Real or anticipated changes in credit ratings on our Series 1 Debentures may affect the market value of our Series 1 Debentures. In addition, real or anticipated changes in credit ratings can affect the cost of or terms on which the Company can issue debentures or incur other debt.

- ***Interest rates***

  Prevailing interest rates will affect the market value of our Series 1 Debentures, which may have a fixed interest rate. Assuming all other factors remain unchanged, the market value of fixed rate debt instruments such as our Series 1 Debentures will normally decline during such period as prevailing interest rates for similar debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

- ***Exchange rates***

  Purchasers should consult their financial and legal advisors as to any specific risks entailed by an investment in securities that are denominated or payable in a currency other than the currency of the country in which they are resident or in which they conduct business (the "home currency"). Our Series 1 Debentures are denominated and payable in Canadian dollars. Depreciation of the currency in which our Series 1 Debentures are payable against a holder's home currency would result in a decrease in the effective yield of our Series 1 Debentures or in their payout and could result in an overall loss on a home currency basis. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations that may occur.

L. GENERAL MATTERS

Additional Information

Our corporate office has been re-located Suite 300, 18817 Stony Plain Road, Edmonton, Alberta T5S 0C2. Our corporate head office telephone and facsimile numbers are 780-960-7171 and 780-969-5599, respectively.
Additional information, including information in respect of (i) the remuneration and indebtedness of the directors and executive officers of the Company; (ii) the principal holders of our securities; and (iii) securities authorized for issuance under equity compensation plans, is contained in our management information circular for our most recent annual meeting of holders of common shares that involved the election of our directors.

Additional information relating to us, including our audited consolidated financial statements for the year ended December 31, 2013 and notes that follow, our most recent MD&A, which is incorporated by reference in this AIF and our most recent management information circular can be found on the Canadian Securities Administrators System for Electronic Document Analysis and Retrieval (SEDAR) database at www.sedar.com, the Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system at www.sec.gov and our Company's website at www.nacg.ca.

Transfer Agent and Registrar

The transfer agent and registrar of the Company is Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

Experts

KPMG LLP are the auditors of the Company and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Company under all relevant US professional and regulatory standards.

Glossary of Terms

The following are definitions of certain terms commonly used in the Company industry and this AIF.

"oil sands" means the grains of sand covered by a thin layer of water and coated by heavy oil, or bitumen.

"bitumen" means the molasses-like substance that comprises the oil in the oil sands.

"muskeg" means a swamp or bog formed by an accumulation of sphagnum moss, leaves and decayed.

"overburden" means the layer of rocky, clay-like material that covers the oil sands.

"upgrading" means the conversion of heavy bitumen into a lighter crude oil by increasing the hydrogen to carbon ratio, either through the removal of carbon (coking) or the addition of hydrogen (hydro processing).

"upgrader" is a facility that upgrades bitumen into synthetic crude oil. Upgrader plants are typically located close to oil sands production.

"sustaining capital additions" are the PP&E and intangible asset additions that are needed to keep our existing fleet of equipment and intangible assets at their optimal useful life through capital maintenance or replacement.

"growth capital expenditures" are the PP&E additions that are needed to increase equipment capacity to perform larger or a greater number of projects and those intangible asset additions needed to increase capacity, performance or efficiency.

EXHIBIT A

Audit Committee Charter

1. PURPOSE

The Board of Directors (the "Board") of North American Energy Partners Inc. (the "Company") has established the Audit Committee (the "Committee") for the purpose of assisting the Board in meeting its oversight responsibilities in relation to: (a) the integrity of the Company's accounting and financial reporting processes; (b) internal controls over financial reporting; (c) controls and procedures related to disclosure; (d) the internal audit function; (e) the qualifications, independence and performance of the Company's external auditors; (f) identification and monitoring of financial risks; (g) the processes for monitoring compliance with legal and regulatory requirements (other than those related to health, environment and safety matters); and (h) establishment and monitoring of the Company's codes of conduct and ethics.

2. AUTHORITY

The Committee has the authority to:

(a) conduct or authorize investigations into any matter within its scope of responsibility;

(b) retain and compensate independent counsel, accountants and others to advise the Committee or assist it with respect to its responsibilities;

(c) pre-approve all audit services and permitted non-audit services performed by the Company's external auditors and negotiate the compensation to be paid for such services;

(d) resolve any disagreements between management and the Company's external auditors regarding financial reporting;

(e) seek any information it requires from employees of the Company, all of whom will be directed by management to co-operate with the Committee's requests;

(f) meet and communicate directly with the Company's officers, external auditors, internal auditor, outside counsel and consultants, all as the Committee may deem necessary;

(g) direct the Company's internal auditor to carry out such activities as the Committee may require;

(h) access all documents of the Company that the Committee may deem relevant to it in carrying out its responsibilities; and

(i) undertake any other activity that may be reasonably necessary in order for the Committee to carry out its responsibilities as set out in this Charter.

3. COMPOSITION

3.1. The Board will appoint annually, from among its members, the Committee and its Chair. The Committee will consist of at least three and not more than six members.

3.2. Each member of the Committee must be "independent" as that term is defined under the requirements of applicable securities laws and the standards of any stock exchange on which the Company's securities are listed.

3.3. Each member of the Committee must be "financially literate" in that he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to that which can reasonably be expected to be raised by the Company's financial statements.

3.4. At least one member of the Committee will be an "audit committee financial expert" who will possess the attributes outlined in Appendix A.

3.5. No director currently serving on the Committee will serve on the audit committees of more than two additional public companies.

4 MEETINGS

4.1. The Committee will meet at least once each fiscal quarter, with authority to convene additional meetings as circumstances require. A meeting may be convened by the Chair, any member of the

Committee, the external auditors, the internal auditor, the chief executive officer of the Company or the chief financial officer of the Company. The Chair will determine the time, place and procedures for calling and conducting Committee meetings, subject to the requirements of the bylaws of the Company, of this Charter and of the *Canada Business Corporations Act.*

4.2. A majority of the members of the Committee will constitute a quorum. Members of the Committee may participate in a meeting through any means which permits all parties to communicate adequately with each other. Any members not physically present but participating in the meeting through such means is deemed to be present at the meeting. A quorum, once established, is maintained even if members of the Committee leave before the meeting concludes.

4.3. In the event of a tie vote on a resolution, the issue will be forwarded to the full board for a vote.

4.4. A resolution signed (including signatures communicated by fax or electronic mail) by all members of the Committee entitled to vote on that resolution is as valid as if it had been passed at a meeting of the Committee.

4.5. The Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend at meetings and provide information pertinent to any matter being discussed. Any director of the Company is entitled to attend Committee meetings, however, only members of the Committee are eligible to vote or establish a quorum. The external auditors will be entitled to receive notice of every meeting of the Committee and to attend and be heard at the same. The Committee will periodically meet *in camera* alone and separately with each of the external auditors, the internal auditor and management.

4.6. The Chair will ensure that meeting agendas are prepared and provided in advance to members of the Committee, along with appropriate briefing materials. The Committee will keep and approve minutes of each meeting which record the decisions reached by the Committee. Once approved, the minutes will be distributed to Committee members with copies provided to the Board, the chief executive officer of the Company, the chief financial officer of the Company, the external auditors and the internal auditor.

5. RESPONSIBILITIES

The Committee will carry out the following responsibilities:

5.1. Financial Reporting

(a) Review with management and the external auditors any issues of concern with respect to financial reporting, including proposed changes in the selection or application of major accounting policies and the reasons for such changes, any complex or unusual transactions, any issues depending on management's judgment, proposed changes to or adoption of disclosure practices, and the effects of any recent or proposed regulatory or accounting initiatives or pronouncements, all to the extent that the foregoing may be material to financial reporting.

(b) Review with management and the external auditors their qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and accounting disclosure practices used or proposed to be used, particularly the degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates.

(c) In reviewing with management and the external auditors the results of their year-end audit and quarterly reviews, and management's responses, review any problems or difficulties experienced by the external auditors in performing the audit and reviews, including any restrictions or limitations imposed by management and resolve any disagreements between management and the external auditors regarding these matters.

(d) Review with management, the external auditors and legal counsel, as necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Company, and the manner in which these matters have been disclosed or reflected in the financial statements.

(e) Review with management and the external auditors the annual audited financial statements and the related management discussion and analysis ("MD&A") and press release; make recommendations to the Board with respect to approval thereof before being released to the

public, and obtain an explanation from management of all significant variances between comparable reporting periods. Obtain confirmation from management and the external auditors that any GAAP reconciliation complies with the requirements of applicable securities laws.

(f) Approve the quarterly unaudited financial statements and the related MD&A and press release prior to their release to the public.

(g) Review with management and the external auditors any other matter required to be communicated to the Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards.

5.2. Internal Controls

(a) Review and consider the adequacy and effectiveness of the Company's internal controls over accounting and financial reporting, including information technology security and control, and any material non-compliance with such controls.

(b) Understand the scope of internal audits and the external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses.

(c) Review management's internal control report and the related attestation by the external auditors and discuss the same with management, the internal auditor and external auditors.

(d) Obtain from the chief financial officer and chief executive officer confirmation that each is prepared to sign all required annual and quarterly certificates under applicable securities law in relation to internal controls over accounting and financial reporting. Review any disclosures made by the chief financial officer and chief executive officer regarding significant deficiencies or material weaknesses in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Company's internal controls.

(e) Consider any special audit steps to be taken in light of any material internal control deficiencies.

5.3. Disclosure Controls

(a) Review and consider the adequacy and effectiveness of the Company's disclosure controls and procedures, including any material non-compliance with such controls and procedures.

(b) Review and approve the disclosure policy of the Company and periodically assess the adequacy of such policy for completeness and accuracy.

(c) Ensure that the Company has satisfactory procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

(d) Monitor the activities of the Company's Disclosure Committee.

(e) Review and approve, and in some instances recommend approval to the Board, material financial disclosures prior to their public release or filing with securities regulators that are contained within the following documents:

(i) any prospectus or offering document;

(ii) annual information forms;

(iii) all material financial information required by securities regulations (e.g., Forms 6-K, 20-F and F-4) including all exhibits thereto (including the certifications required of the Company's principal executive officer and principal financial officer);

(iv) any correspondence with securities regulators or government financial agencies; and

(v) news or press releases containing audited or unaudited financial information, including the type and presentation of information and in particular any pro-forma or non-GAAP information.

(f) Review and approve, and in some instances recommend approval to the Board, material financial disclosures prior to their public release or filing with securities regulators that relate to related-party transactions or off balance sheet structures.

5.4. Internal Audit

(a) Review with management, the internal auditor and the external auditors the charter, activities, budget, staffing and organizational structure of the internal audit function.

(b) Review management's proposed appointment, termination or replacement of the internal auditor.

(c) Review and approve the annual internal audit plan and scope of work and ensure that the internal audit plan is coordinated with the activities of the external auditors.

(d) Review all internal audit reports and management's responses.

(e) Ensure that the internal auditor has direct and open communication with the Committee and that the internal auditor meets at least twice annually with the Committee without the presence of management to discuss any matters that the Committee or the internal auditor believe should be discussed privately, such as problems or difficulties encountered in the course of internal audit work, any unjustified restrictions or limitations imposed on the internal auditor or any other disagreements with management.

(f) Review the effectiveness of the internal audit function on an annual basis, including a review of reporting relationships, resources, qualifications of internal audit staff, the internal auditor's independence from management, the internal auditor's working relationship with the external auditors and compliance by the internal auditor with the relevant codes and standards of The Institute of Internal Auditors. The internal auditor currently reports functionally to the Chair of the Audit Committee and administratively to the Chief Financial Officer.

5.5. External Audit

(a) Advise the board with respect to the selection, appointment, retention, compensation and replacement of the external auditors. In the event of a change of external auditors, review all issues and provide documentation to the Board related to the change, including the information to be included in the Notice of Change of Auditors and the planned steps for an orderly transition period.

(b) Oversee the work and evaluate the qualifications and performance of the external auditors, in the course of which evaluation the Committee will:

  (i) annually obtain and review a report by the external auditors describing: (A) the external auditors' internal quality control procedures; (B) any material issues raised by the most recent internal quality control review, or peer review, of the external auditors or by any inquiry or investigation by government or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors and any steps taken to deal with such issues; and (C) all relationships between the external auditors and the Company (in order to assess the auditors' independence);

  (ii) annually review and evaluate senior members of the external audit team, including their expertise and qualifications and take into consideration the opinions of management and the internal auditor in that regard; and

  (iii) report all of its findings and conclusions with respect to the external auditors to the Board.

(c) Annually review and confirm with management and the external auditors the independence of the external auditors, which review will include but will not be limited to:

  (i) ensuring receipt at least annually from the external auditors of a formal written statement delineating all relationships between the external auditors and the Company, including non-audit services provided to the Company, and outlining the extent to which the compensation of the audit partners of the external auditors is based upon selling non-audit services;

(ii) considering and discussing with the external auditors any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditors;

(iii) enquiring into and determining the appropriate resolution of any conflict of interest in respect of the external auditors;

(iv) reviewing the timing and process for implementing the rotation of the lead audit partner, the reviewing partner and other partners providing audit services to the Company;

(v) considering whether there should be a regular rotation of the audit firm itself;

(vi) reviewing and approving the Company's hiring policies regarding the hiring of partners, employees and former partners and employees of the Company's existing and former external auditors and ensuring a "cooling off" period of at least one year before any such persons can become employees of the Company in a financial oversight role.

(d) Ensure that the external auditors report directly to the Committee and that they are ultimately accountable to the Committee and to the Board as representatives of the shareholders of the Company.

(e) Review and approve the annual audit plan prior to the annual audit of the Company's financial statements being undertaken by the external auditors, including review of the proposed scope and approach of the external auditors and the coordination of effort with internal audit.

(f) Ensure that the external auditors have direct and open communication with the Committee and that the external auditors meet regularly with the Committee without the presence of management to discuss any matters that the Committee or the external auditors believe should be discussed privately.

(g) Review and approve the basis and amount of the external auditors' fees with respect to the annual audit and the quarterly reviews.

(h) Review and pre-approve all non-audit services to be provided to the Company or its subsidiaries by the external auditors and the engagement fees in respect to such services, provided that the Chair of the Committee, on behalf of the Committee, is authorized to pre-approve any non-audit services and the related engagement fees up to an amount of $20,000 per engagement. At the next Committee meeting, the Chair will report to the Committee any such pre-approval given.

5.6. Financial Risk Management

(a) Review the Company's major financial risk exposures and approve the Company's policies to manage such financial risk.

(b) Monitor management of hedging, debt and credit, make recommendations to the Board respecting management of such risks and review the Company's compliance with the same.

(c) Monitor management's communication and implementation of the Anti-Fraud Policy and review compliance with such Policy by, among other things, receiving reports from management on:

(i) any investigations of fraudulent activity;

(ii) monitoring activities in relation to fraud risks and controls; and

(iii) assessments of fraud risk.

(d) Periodically review and approve the adequacy and appropriateness of the Anti-Fraud Policy and management's implementation of the same.

5.7. Code of Conduct and Ethics Reporting

(a) Review the policies and procedures established by management for:

(i) the receipt, retention and treatment of complaints received by the Company regarding financial reporting, 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.

(b) Monitor management's communication and implementation of the Code of Conduct and Ethics Policy and review compliance with such Policy by, among other things:

(i) reviewing on a timely basis serious violations of the Code of Conduct and Ethics Policy; and

(ii) reviewing on a summary basis at least quarterly all reported violations of the Code of Conduct and Ethics Policy.

(c) Periodically review the adequacy and appropriateness of the Code of Conduct and Ethics Policy and management's implementation of the same and make recommendations to the Board in that regard.

5.8. Legal and Regulatory Compliance

(a) Review the effectiveness of the system for monitoring compliance with laws and regulations (other than those related to health, environment and safety matters) and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance. Review the findings of any examination by regulatory authorities and any external auditors' observations relating to such matters.

(b) Obtain regular updates from management and legal counsel regarding compliance matters, including compliance with applicable financial, tax or securities regulations and the accuracy and timeliness of filings with regulators.

(c) Review any litigation, claim or other contingent liability, including any tax reassessment that could have a material effect on the financial statements.

(d) Monitor compliance by the Company with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the directors of the Company personally liable.

5.9. Other Responsibilities

(a) Regularly report to the Board about Committee activities, issues and related recommendations, including such matters as the Board may from time to time refer or delegate to the Committee.

(b) Annually assess the adequacy of this Charter, submit such evaluation to the Governance Committee and recommend any proposed changes to the Governance Committee to bring forward to the Board for approval.

(c) Evaluate the performance and effectiveness of the Committee on an annual basis.

(d) Provide an open avenue of communication between internal audit, the external auditors and the Board.

(e) Perform any other activities consistent with the Committee's mandate, the Company's governing laws and the regulations of relevant stock exchanges as he Committee or the Board deems necessary or appropriate.

6. GENERAL

6.1. While the Committee will have the responsibilities and powers set forth in this Charter, it will not be the responsibility of the Committee to determine whether the Company's financial statements are complete, accurate or prepared in accordance with generally accepted accounting principles, to manage financial risks or to conduct audits. These are the responsibilities of management and the external auditors in accordance with their respective roles.

6.2. The Committee will take reasonable steps to ensure that management establishes and maintains the controls, procedures and processes that comply with all appropriate laws, regulations or policies of the Company. It is not the responsibility of the Committee to conduct investigations or to ensure compliance with laws, regulations or Company policies.

NOA

Prepared By:	Approved By:	Date of Approval and Issue:
/s/ Jordan Slator Jordan Slator General Counsel and Secretary	/s/ Allen Sello Allen Sello, Chair Audit Committee	December 1, 2011

Appendix A: Audit Committee Financial Expert

At least one member of the Committee will be an “audit committee financial expert” who will possess the attributes outlined below:

1. An understanding of generally accepted accounting principles and financial statements;
2. The ability to assess the general application of generally accepted accounting principles in connection with the accounting for estimates, accruals and reserves;
3. Experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience in actively supervising one or more persons engaged in such activities;
4. An understanding of internal control over financial reporting; and
5. An understanding of audit committee functions.

As provided in the rules of the SEC, the designation or identification of a person as an audit committee financial expert does not (a) impose on that person any duties, obligations or liability that are greater than the duties, obligations or liability imposed on that person as a member of the Committee and the Board in the absence of such designation or identification or (b) affect the duties, obligations or liability of any other member of the Committee or the Board.

A member of the Committee may qualify as an audit committee financial expert as a result of his or her:

a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

b) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;

c) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or

d) other relevant experience.

Exhibit 99.2

NORTH AMERICAN ENERGY PARTNERS INC.

Consolidated Financial Statements

For the years ended December 31, 2013 and 2012
(Expressed in thousands of Canadian Dollars)

KPMG LLP
Chartered Accountants
10125 – 102 Street
Edmonton AB T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of North American Energy Partners Inc.

We have audited North American Energy Partners Inc.'s internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). North American Energy Partners Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting in the accompanying Management's Discussion and Analysis for the year ended December 31, 2013. Our responsibility is to express an opinion on North American Energy Partners Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, North American Energy Partners Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of North American Energy Partners Inc. as at December 31, 2013 and 2012, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and our report dated February 19, 2014, expressed an unmodified opinion on those consolidated financial statements.

KPMG LLP

Chartered Accountants

Edmonton, Canada
February 19, 2014

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Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of North American Energy Partners Inc.

We have audited the accompanying consolidated financial statements of North American Energy Partners Inc., which comprise the consolidated balance sheets as at December 31, 2013 and 2012, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of North American Energy Partners Inc. as at December 31, 2013 and 2012 and its consolidated results of operations and its consolidated cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Other Matter

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), North American Energy Partners Inc.'s internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 19, 2014 expressed an unmodified opinion on the effectiveness of North American Energy Partners Inc.'s internal control over financial reporting.

KPMG LLP

Chartered Accountants

Edmonton, Canada
February 19, 2014

Consolidated Balance Sheets

As at December 31
(Expressed in thousands of Canadian Dollars)

	2013	2012
Assets		
Current assets		
Cash	$ 13,742	$ 1,164
Accounts receivable, net (note 5 and 16(d))	70,177	152,810
Unbilled revenue (note 6)	32,168	80,223
Inventories (note 7)	5,907	10,838
Prepaid expenses and deposits (note 8)	2,152	4,198
Assets held for sale (note 9 and 16(a))	52	251
Deferred tax assets (note 10)	3,678	4,396
	127,876	253,880
Property, plant and equipment, net (note 11)	277,975	332,252
Other assets (note 12(a))	12,130	17,510
Goodwill (note 13)	—	32,901
Deferred tax assets (note 10)	27,660	56,814
Total Assets	$ 445,641	$ 693,357
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 48,438	$ 109,577
Accrued liabilities (note 14)	15,655	16,273
Billings in excess of costs incurred and estimated earnings on uncompleted contracts (note 6)	6,357	9,755
Current portion of long term debt (note 15(a))	14,996	25,910
Current portion of derivative financial instruments (note 16(a))	—	3,586
Deferred tax liabilities (note 10)	8,036	19,082
	93,482	184,183
Long term debt (note 15(a))	103,299	310,925
Derivative financial instruments (note 16(a))	—	2,965
Other long term obligations (note 17(a))	7,207	4,788
Deferred tax liabilities (note 10)	49,818	57,939
	253,806	560,800
Shareholders' equity		
Common shares (authorized – unlimited number of voting common shares; issued and outstanding – December 31, 2013 - 34,746,236 (December 31, 2012 - 36,251,006)) (note 18(a))	290,517	304,908
Additional paid-in capital	14,750	10,292
Deficit	(113,432)	(182,616)
Accumulated other comprehensive loss	—	(27)
	191,835	132,557
Total liabilities and shareholders' equity	$ 445,641	$ 693,357

Commitments (note 19)

Contingencies (note 20)

Approved on behalf of the Board

/s/ Ronald A. McIntosh
Ronald A. McIntosh, Director

/s/ Allen R. Sello
Allen R. Sello, Director

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations and Comprehensive Income (loss)

For the years ended December 31
(Expressed in thousands of Canadian Dollars, except per share amounts)

	2013	2012
Revenue	$ 470,484	$ 595,422
Project costs	180,348	278,266
Equipment costs	184,931	204,475
Equipment operating lease expense	22,975	43,286
Depreciation	36,491	45,365
Gross profit	45,739	24,030
General and administrative expenses	39,901	42,579
Loss on disposal of property, plant and equipment	3,033	1,837
Loss (gain) on disposal of assets held for sale (note 9)	2,212	(90)
Amortization of intangible assets (note 12(b))	3,276	3,686
Equity in earnings of unconsolidated joint venture	—	(846)
Operating loss before the undernoted	(2,683)	(23,136)
Interest expense (note 21)	21,697	23,540
Foreign exchange (gain) loss	(156)	119
Unrealized gain on derivative financial instruments (note 16(a))	(6,551)	(4,017)
Loss on debt extinguishment (note 15(d))	6,476	—
Loss from continuing operations before income taxes	(24,149)	(42,778)
Income tax (note 10):		
Current (benefit) expense	(2,438)	1,030
Deferred benefit	(3,664)	(11,312)
Net loss from continuing operations	(18,047)	(32,496)
Income from discontinued operations, net of tax (note 22)	87,231	18,823
Net income (loss)	**69,184**	**(13,673)**
Other comprehensive income (loss)		
Unrealized foreign currency translation gain (loss)	27	(32)
Comprehensive income (loss)	**69,211**	**(13,705)**
Per share information from continuing operations		
Net loss - basic (note 18)	$ (0.50)	$ (0.90)
Net loss - diluted (note 18)	$ (0.50)	$ (0.90)
Per share information from discontinued operations		
Net income - basic (note 18)	$ 2.41	$ 0.52
Net income - diluted (note 18)	$ 2.39	$ 0.52
Per share information		
Net income (loss) - basic (note 18)	$ 1.91	$ (0.38)
Net income (loss) - diluted (note 18)	$ 1.89	$ (0.38)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian Dollars)

	Common shares	Additional paid-in capital	Deficit	Accumulated other comprehensive (loss) income	Total
Balance at December 31, 2011	$ 304,896	$ 7,618	$ (168,943)	$ 5	$ 143,576
Net loss	—	—	(13,673)	—	(13,673)
Unrealized foreign currency translation loss	—	—	—	(32)	(32)
Share option plan	—	1,327	—	—	1,327
Stock award plan	—	47	—	—	47
Exercised stock options	12	(5)	—	—	7
Repurchase of shares to settle stock award plan	—	(148)	—	—	(148)
Senior executive stock option plan	—	1,453	—	—	1,453
Balance at December 31, 2012	$ 304,908	$ 10,292	$ (182,616)	$ (27)	$ 132,557
Net income	—	—	69,184	—	69,184
Unrealized foreign currency translation gain	—	—	—	27	27
Share option plan	—	981	—	—	981
Exercised stock options	1,742	(567)	—	—	1,175
Share purchase program	(16,133)	4,393	—	—	(11,740)
Senior executive stock option plan	—	(349)	—	—	(349)
Balance at December 31, 2013	$ 290,517	$ 14,750	$ (113,432)	$ —	$ 191,835

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31
(Expressed in thousands of Canadian Dollars)

	2013	2012
Cash (used in) provided by:		
Operating activities:		
Net loss from continuing operations	$ (18,047)	$ (32,496)
Adjustments to reconcile to net cash from operating activities:		
Depreciation	36,491	45,365
Equity in earnings of unconsolidated joint venture	—	(846)
Amortization of intangible assets (note 12(b))	3,276	3,686
Amortization of deferred lease inducements (note 17(b))	(107)	(108)
Amortization of deferred financing costs (note 12(c))	4,326	1,623
Loss on disposal of property, plant and equipment	3,033	1,837
Loss (gain) on disposal of assets held for sale (note 9)	2,212	(90)
Unrealized gain on derivative financial instruments (note 16(a))	(6,551)	(4,017)
Loss on debt extinguishment (note 15(d))	6,476	—
Stock-based compensation expense (note 23(a))	6,193	530
Cash settlement of restricted share unit plan (note 23(d))	(727)	(1,677)
Cash settlement of directors' deferred share unit plan (note 23(e))	(968)	(175)
Settlement of stock award plan (note 23(f))	—	(148)
Accretion of asset retirement obligation (note 17(c))	46	42
Deferred income tax (benefit) (note 10)	(3,664)	(11,312)
Net changes in non-cash working capital (note 24(b))	25,499	84,961
	57,488	87,175
Investing activities:		
Purchase of property, plant and equipment	(31,351)	(54,087)
Additions to intangible assets (note 12(b))	(2,826)	(4,305)
Proceeds on the wind up of unconsolidated joint venture	—	2,170
Proceeds on disposal of property, plant and equipment	3,978	8,806
Proceeds on disposal of assets held for sale	3,106	1,937
	(27,093)	(45,479)
Financing activities:		
Repayment of credit facilities	(234,684)	(386,658)
Increase in credit facilities	172,396	350,000
Financing costs (note 12(c))	(2,789)	(439)
Redemption of Series 1 Debentures (note 15(d))	(156,476)	—
Proceeds from stock options exercised (note 23(b))	1,175	7
Share purchase program (note 18(c))	(11,740)	—
Repayment of capital lease obligations	(14,030)	(8,520)
	(246,148)	(45,610)
Decrease in cash from continuing operations	(215,753)	(3,914)
Cash provided by (used in) discontinued operations (note 22)		
Operating activities	45,739	(1,894)
Investing activities	182,836	5,927
Financing activities	(271)	(720)
	228,304	3,313
Increase (decrease) in cash	**12,551**	**(601)**
Effect of exchange rate on changes in cash	27	(32)
Cash, beginning of year	1,164	1,797
Cash , end of year	**$ 13,742**	**$ 1,164**

Supplemental cash flow information (note 24(a))
See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012
(Expressed in thousands of Canadian Dollars, except per share amounts or unless otherwise specified)

1. Nature of operations

North American Energy Partners Inc. (the “Company”), formerly NACG Holdings Inc., was incorporated under the Canada Business Corporations Act on October 17, 2003. On November 26, 2003, the Company purchased all the issued and outstanding shares of North American Construction Group Inc. (“NACGI”), including subsidiaries of NACGI, from Norama Ltd. which had been operating continuously in Western Canada since 1953. The Company had no operations prior to November 26, 2003. The Company provides a wide range of mining and heavy construction services to customers in the resource development and industrial construction sectors, primarily within Western Canada.

2. Significant accounting policies

a) Basis of presentation

These consolidated financial statements are prepared in accordance with United States generally accepted accounting principles ("US GAAP"). Material inter-company transactions and balances are eliminated upon consolidation. These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, NACGI, North American Fleet Company Ltd., North American Construction Holdings Inc. (“NACHI”) and NACG Properties Inc., and the following 100% owned subsidiaries of NACHI:

- North American Caisson Ltd.
- North American Engineering Inc.
- North American Enterprises Ltd.
- North American Maintenance Ltd.
- North American Mining Inc.
- North American Pile Driving Inc.
- North American Services Inc.
- North American Site Development Ltd.
- North American Tailings and Environmental Ltd.
- Drillco Foundation Co. Ltd.
- 1565388 Alberta Ltd.
- 1565401 Alberta Ltd.
- 1753514 Alberta Ltd.

b) Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures reported in these consolidated financial statements and accompanying notes and the reported amounts of revenues and expenses during the reporting period.

Significant estimates made by management include the assessment of the percentage of completion on time-and-materials, unit-price, lump-sum and cost-plus contracts with defined scope (including estimated total costs and provisions for estimated losses) and the recognition of claims and change orders on revenue contracts; assumptions used in periodic impairment testing; and, estimates and assumptions used in the determination of the allowance for doubtful accounts, the recoverability of deferred tax assets and the useful lives of property, plant and equipment and intangible assets. Actual results could differ materially from those estimates.

The accuracy of the Company’s revenue and profit recognition in a given period is dependent on the accuracy of its estimates of the cost to complete for each project. Cost estimates for all significant projects use a detailed “bottom up” approach and the Company believes its experience allows it to provide reasonably dependable estimates. There are a number of factors that can contribute to changes in estimates of contract cost and profitability that are recognized to the extent contract remedies are unavailable in the period in which such adjustments are determined. The most significant of these include:

- the completeness and accuracy of the original bid;
- costs associated with added scope changes;
- extended overhead due to owner, weather and other delays;
- subcontractor performance issues;
- changes in economic indices used for the determination of escalation or de-escalation for contractual rates on long-term contracts;

- changes in productivity expectations;
- site conditions that differ from those assumed in the original bid;
- contract incentive and penalty provisions;
- the availability and skill level of workers in the geographic location of the project; and
- a change in the availability and proximity of equipment and materials.

The foregoing factors as well as the mix of contracts at different margins may cause fluctuations in gross profit between periods. With many projects of varying levels of complexity and size in process at any given time, changes in estimates can offset each other without materially impacting the Company's profitability. Major changes in cost estimates, particularly in larger, more complex projects, can have a significant effect on profitability.

c) Revenue recognition

The Company performs its projects under the following types of contracts: time-and-materials; cost-plus; unit-price; and lump-sum. Revenue is recognized as costs are incurred for time-and-materials, unit-price and cost-plus service contracts with no clearly defined scope. Revenue on cost-plus, unit-price, lump-sum and time-and-materials contracts with defined scope is recognized using the percentage-of-completion method, measured by the ratio of costs incurred to date to estimated total costs. The estimated total cost of the contract and percent complete is determined based upon estimates made by management. The costs of items that do not relate to performance of contracted work, particularly in the early stages of the contract, are excluded from costs incurred to date. The resulting percent complete methodology is applied to the approved contract value to determine the revenue recognized. Customer payment milestones typically occur on a periodic basis over the period of contract completion.

The length of the Company's contracts varies from less than one year for typical contracts to several years for certain larger contracts. Contract project costs include all direct labour, material, subcontract and equipment costs and those indirect costs related to contract performance such as indirect labour and supplies. General and administrative expenses are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in project performance, project conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and revenue that are recognized in the period in which such adjustments are determined. Profit incentives are included in revenue when their realization is reasonably assured.

Once a project is underway, the Company will often experience changes in conditions, client requirements, specifications, designs, materials and work schedule. Generally, a "change order" will be negotiated with the customer to modify the original contract to approve both the scope and price of the change. Occasionally, however, disagreements arise regarding changes, their nature, measurement, timing and other characteristics that impact costs and revenue under the contract. When a change becomes a point of dispute between the Company and a customer, the Company will then consider it as a claim.

Costs related to unapproved change orders and claims are recognized when they are incurred.

Revenues related to unapproved change orders and claims are included in total estimated contract revenue only to the extent that contract costs related to the claim have been incurred and when it is probable that the unapproved change order or claim will result in:

- a bona fide addition to contract value; and
- revenues can be reliably estimated.

These two conditions are satisfied when:

- the contract or other evidence provides a legal basis for the unapproved change order or claim, or a legal opinion is obtained providing a reasonable basis to support the unapproved change order or claim;
- additional costs incurred were caused by unforeseen circumstances and are not the result of deficiencies in the Company's performance;
- costs associated with the unapproved change order or claim are identifiable and reasonable in view of work performed; and
- evidence supporting the unapproved change order or claim is objective and verifiable.

This can lead to a situation where costs are recognized in one period and revenue is recognized when customer agreement is obtained or claim resolution occurs, which can be in subsequent periods. Historical claim recoveries should not be considered indicative of future claim recoveries.

The Company's long term contracts typically allow its customers to unilaterally reduce or eliminate the scope of the work as contracted without cause. These long term contracts represent higher risk due to uncertainty of total contract value and estimated costs to complete; therefore, potentially impacting revenue recognition in future periods.

A contract is regarded as substantially completed when remaining costs and potential risks are insignificant in amount.

The Company recognizes revenue from equipment rental as performance requirements are achieved in accordance with the terms of the relevant agreement with the customer, either at a monthly fixed rate or on a usage basis dependent on the number of hours that the equipment is used. Revenue is recognized from the foregoing activity once persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, fees are fixed and determinable and collectability is reasonably assured.

d) Balance sheet classifications

A one-year time period is typically used as the basis for classifying current assets and liabilities. However, included in current assets and liabilities are amounts receivable and payable under construction contracts (principally holdbacks) that may extend beyond one year.

e) Cash

Cash includes cash on hand and bank balances net of outstanding cheques.

f) Accounts receivable and unbilled revenue

Accounts receivable are primarily comprised of amounts billed to clients for services already provided, but which have not yet been collected. Unbilled revenue represents revenue recognized in advance of amounts billed to clients.

g) Billings in excess of costs incurred and estimated earnings on uncompleted contracts

Billings in excess of costs incurred and estimated earnings on uncompleted contracts represent amounts invoiced in excess of revenue recognized.

h) Allowance for doubtful accounts

The Company evaluates the probability of collection of accounts receivable and records an allowance for doubtful accounts, which reduces accounts receivable to the amount management reasonably believes will be collected. In determining the amount of the allowance, the following factors are considered: the length of time the receivable has been outstanding, specific knowledge of each customer's financial condition and historical experience.

i) Inventories

Inventories are carried at the lower of weighted average cost and market, and consist primarily of spare tires, job materials, manufacturing raw materials and finished goods. Finished goods cost includes raw materials, labour and a reasonable allocation of appropriate overhead costs.

j) Property, plant and equipment

Property, plant and equipment are recorded at cost. Major components of heavy construction equipment in use such as engines and drive trains are recorded separately. Equipment under capital lease is recorded at the present value of minimum lease payments at the inception of the lease. Depreciation is not recorded until an asset is available for use. Depreciation is calculated based on the cost, net of the estimated residual value, over the estimated useful life of the assets on the following bases and rates:

Assets	Basis	Rate
Heavy equipment	Straight-line	Operating hours
Major component parts in use	Straight-line	Operating hours
Other equipment	Straight-line	5 – 10 years
Licensed motor vehicles	Straight-line	5 – 10 years
Office and computer equipment	Straight-line	4 years
Buildings	Straight-line	10 years
Leasehold improvements	Straight-line	Over shorter of estimated useful life and lease term

The costs for periodic repairs and maintenance are expensed to the extent the expenditures serve only to restore the assets to their normal operating condition without enhancing their service potential or extending their useful lives.

k) Capitalized interest

The Company capitalizes interest incurred on debt during the construction of assets for the Company's own use. The capitalization period covers the duration of the activities required to get the asset ready for its intended use, provided that expenditures for the asset have been made and interest cost incurred. Interest capitalization continues as long as those activities and the incurrence of interest cost continue. The capitalized interest is amortized at the same rate as the respective asset.

l) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized but instead is assessed for impairment quarterly or more frequently if events or changes in circumstances indicate that it may be impaired. Goodwill is assigned, as of the date of the business combination, to reporting units that are expected to benefit from the business combination.

m) Intangible assets

Intangible assets include:

- Customer relationships and backlog, which are being amortized over the remaining lives of the related contracts and relationships;
- trade names, which are being amortized on a straight-line basis over their estimated useful lives of between five and ten years;
- non-competition agreements, which are being amortized on a straight-line basis between the three and five-year terms of the respective agreements;
- capitalized computer software and development costs, which are being amortized on a straight-line basis over a maximum period of four years; and
- patents, which are being amortized on a straight-line basis over estimated useful lives of up to six years.

The Company expenses or capitalizes costs associated with the development of internal-use software as follows:

Preliminary project stage: Both internal and external costs incurred during this stage are expensed as incurred.

Application development stage: Both internal and external costs incurred to purchase and develop computer software are capitalized after the preliminary project stage is completed and management authorizes the computer software project. However, training costs and the cost incurred for the process of data conversion from the old system to the new system, which includes purging or cleansing of existing data, reconciliation or balancing of old data to the converted data in the new system, are expensed as incurred.

Post implementation/operation stage: All training costs and maintenance costs incurred during this stage are expensed as incurred.

Costs of upgrades and enhancements are capitalized if the expenditures will result in adding functionality to the software.

n) Impairment of long-lived assets

Long-lived assets or asset groups held and used including plant, equipment and identifiable intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of an asset or group of assets is less than its carrying amount, it is considered to be impaired. The Company measures the impairment loss as the amount by which the carrying amount of the asset or group of assets exceeds its fair value, which is charged to depreciation or amortization expense. In determining whether an impairment exists, the Company makes assumptions about the future cash flows expected from the use of its long-lived assets, such as: applicable industry performance and prospects; general business and economic conditions that prevail and are expected to prevail; expected growth; maintaining its customer base; and, achieving cost reductions. There can be no assurance that expected future cash flows will be realized, or will be sufficient to recover the carrying amount of long-lived assets. Furthermore, the process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and cash flow projections and discount rates.

o) Assets held for sale

Long-lived assets are classified as held for sale when certain criteria are met, which include:

- management, having the authority to approve the action, commits to a plan to sell the assets;

- the assets are available for immediate sale in their present condition;
- an active program to locate buyers and other actions to sell the assets have been initiated;
- the sale of the assets is probable and their transfer is expected to qualify for recognition as a completed sale within one year;
- the assets are being actively marketed at reasonable prices in relation to their fair value; and
- it is unlikely that significant changes will be made to the plan to sell the assets or that the plan will be withdrawn.

Assets to be disposed of by sale are reported at the lower of their carrying amount or estimated fair value less costs to sell and are disclosed separately on the Consolidated Balance Sheets. These assets are not depreciated.

p) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of property, plant and equipment that result from their acquisition, lease, construction, development or normal operations. The Company recognizes its contractual obligations for the retirement of certain tangible long-lived assets. The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and then amortized using a systematic and rational method over its estimated useful life. In subsequent reporting periods, the liability is adjusted for the passage of time through an accretion charge and any changes in the amount or timing of the underlying future cash flows are recognized as an additional asset retirement cost.

q) Foreign currency translation

The functional currency of the Company and the majority of its subsidiaries is Canadian Dollars. Transactions denominated in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities, denominated in foreign currencies, are translated into Canadian Dollars at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are included in the determination of earnings.

r) Fair value measurement

Fair value measurements are categorized using a valuation hierarchy for disclosure of the inputs used to measure fair value, which prioritizes the inputs into three broad levels. Fair values included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair values included in Level 2 include valuations using inputs based on observable market data, either directly or indirectly other than the quoted prices. Level 3 valuations are based on inputs that are not based on observable market data. The classification of a fair value within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

s) Derivative financial instruments

The Company used derivative financial instruments to manage financial risks from fluctuations in exchange rates. These instruments included embedded price escalation features in supplier contracts. Such instruments were only used for risk management purposes. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. Derivative financial instruments are subject to standard terms and conditions, financial controls, management and risk monitoring procedures. These derivative financial instruments were not designated as hedges for accounting purposes and were recorded at fair value with realized and unrealized gains and losses recognized in the Consolidated Statements of Operations.

t) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized based on the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period of enactment. The Company recognizes the effect of income tax positions only if those positions are more likely than not (greater than 50%) of being sustained. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs. The Company accrues interest and penalties for uncertain tax positions in the period in which these uncertainties are identified. Interest and penalties are included in “General and administrative expenses” in the Consolidated Statements of

Operations. A valuation allowance is recorded against any deferred tax asset if it is more likely than not that the asset will not be realized.

u) Stock-based compensation

The Company has a Share Option Plan which is described in note 23(b). The Company accounts for all stock-based compensation payments that are settled by the issuance of equity instruments at fair value. Compensation cost is measured using the Black-Scholes model at the grant date and is expensed on a straight-line basis over the award's vesting period, with a corresponding increase to additional paid-in capital. Upon exercise of a stock option, share capital is recorded at the sum of proceeds received and the related amount of additional paid-in capital.

The Company has a Senior Executive Stock Option Plan which is described in note 23(c). This compensation plan allows the option holder the right to settle options in cash. The liability is measured at fair value using the Black-Scholes model at the modification date and subsequently at each period end date. Changes in fair value of the liability are recognized in the Consolidated Statements of Operations.

The Company has a Restricted Share Unit ("RSU") Plan which is described in note 23(d). RSUs are granted effective April 1 of each fiscal year with respect to services to be provided in that fiscal year and the following two fiscal years. The RSUs vest at the end of the three-year term. The Company classifies RSUs as a liability as the Company has the ability and intent to settle the awards in cash. Compensation expense is calculated based on the number of vested shares multiplied by the fair market value of each RSU as determined by the volume weighted average trading price of the Company's common shares for the five trading days immediately preceding the day on which the fair market value is to be determined. The Company recognizes compensation expense over the three-year term of the RSU in the Consolidated Statements of Operations.

The Company has a Director's Deferred Stock Unit ("DDSU") Plan which is described in note 23(e). The DDSU plan enables directors to receive all or a portion of their fee for that fiscal year in the form of deferred stock units. The deferred stock units are settled in cash and are classified as a liability on the Consolidated Balance Sheets. The measurement of the liability and compensation costs for these awards is based on the fair value of the unit and is recorded as a charge to operating income when issued. Subsequent changes in the Company's payment obligation after issuing the unit and prior to the settlement date are recorded as a charge to operating income in the period such changes occur.

The Company had a Stock Award Plan which is described in note 23(f). The stock awards were settled at the Company's option, either by the issuance of equity instruments if all necessary shareholder approvals and regulatory approvals are obtained or by cash payment. Compensation cost was measured using the market price of the Company's common shares at the grant date and was expensed on a straight-line basis over the award's vesting period, with a corresponding increase to additional paid-in capital.

v) Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares outstanding during the year (see note 18(b)). Diluted per share amounts are calculated using the treasury stock method. The treasury stock method increases the diluted weighted average shares outstanding to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming outstanding in-the-money stock options were exercised and the proceeds from such exercises, including any unamortized stock-based compensation cost, were used to acquire shares of common stock at the average market price during the year.

w) Leases

Leases entered into by the Company in which substantially all the benefits and risks of ownership are transferred to the Company are recorded as obligations under capital leases and under the corresponding category of property, plant and equipment. Obligations under capital leases reflect the present value of future lease payments, discounted at an appropriate interest rate, and are reduced by rental payments net of imputed interest. All other leases are classified as operating leases and leasing costs, including any rent holidays, leasehold incentives, and rent concessions, are amortized on a straight-line basis over the lease term.

Certain operating lease and rental agreements provide a maximum hourly usage limit, above which the Company will be required to pay for the over hour usage as a contingent rent expense. These contingent expenses are recognized when the likelihood of exceeding the usage limit is considered probable and are due at the end of the lease term or rental period. The contingent rental expenses are included in "Equipment operating lease expense" in the Consolidated Statements of Operations.

x) Deferred financing costs

Underwriting, legal and other direct costs incurred in connection with the issuance of debt not measured under the fair value option are presented as deferred financing costs. The deferred financing costs related to the Debentures and the Revolving and Term Facilities are amortized over the term of the related debt using the effective interest method.

y) Business combinations

The Company accounts for all business combinations using the acquisition method. Acquisition related costs which include finder's fees, advisory, legal, accounting, valuation, other professional or consulting fees, and administrative costs are expensed as incurred.

z) Discontinued operations

As of December 31, 2013, the Company has divested certain of its business operations. These businesses are presented as discontinued operations in the Company's Consolidated Statement of Operations and Comprehensive Loss and, collectively, are included in the line item "Income from discontinued operations, net of tax" for all periods presented. The cash flows from discontinued operations are included in the "Cash provided by (used in) discontinued operations" section of the Consolidated Statement of Cash Flows for all periods presented. The Company allocates interest expense incurred on debt that is required to be repaid as a result of the disposal transaction to discontinued operations. The allocation to discontinued operations of other consolidated interest that is not directly attributable to or related to other operations of the Company is allocated based on a ratio of net assets to be sold to total consolidated net assets.

3. Accounting pronouncements recently adopted

a) Offsetting Assets and Liabilities

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. This ASU requires companies to disclose both gross and net information about financial instruments that have been offset on the consolidated balance sheet. The Company adopted this ASU effective commencing January 1, 2013. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

b) Intangibles - Goodwill and other

In July 2012, the FASB issued ASU No. 2012-02, Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. This ASU gives an entity the option to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If it is determined that it is more likely than not the indefinite-lived intangible asset is impaired, a quantitative impairment test is required. However, if it is concluded otherwise, the quantitative test is not necessary. The Company adopted this ASU effective commencing January 1, 2013. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

c) Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. Under this standard, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. This standard does not change the current requirements for reporting net income or other comprehensive income in the financial statements. The Company adopted this ASU effective commencing January 1, 2013. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

4. Recent accounting pronouncements not yet adopted

a) Income Taxes

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carry Forward Exists. This accounting standard eliminates the diversity in practice in the presentation of unrecognized tax benefits. The amendments in this ASU provide guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carry forward, similar tax loss, or tax credit carry forward exists. This ASU will be effective commencing January 1, 2014. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

5. Accounts receivable

	December 31, 2013	December 31, 2012
Accounts receivable – trade	$ 59,309	$ 118,509
Accounts receivable – holdbacks	9,055	33,352
Income and other taxes receivable	12	420
Accounts receivable – other	1,801	714
Allowance for doubtful accounts (note 16(d))	—	(185)
	$ 70,177	$ 152,810

Accounts receivable – holdbacks represent amounts up to 10% of the contract value under certain contracts that the customer is contractually entitled to withhold until completion of the project or until certain project milestones are achieved. As of December 31, 2013 there were $nil holdback balances (December 31, 2012– $2,597) which relate to contracts whereby the normal operating cycle is greater than one year and therefore are not expected to be collected within one year.

6. Costs incurred and estimated earnings net of billings on uncompleted contracts

	December 31, 2013	December 31, 2012
Costs incurred and estimated earnings on uncompleted contracts	$ 533,837	$ 404,323
Less billings to date	(508,026)	(367,378)
	$ 25,811	$ 36,945

Costs incurred and estimated earnings net of billings on uncompleted contracts is presented in the Consolidated Balance Sheets under the following captions:

	December 31, 2013	December 31, 2012
Unbilled revenue	$ 32,168	$ 80,223
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	(6,357)	(9,755)
	$ 25,811	$ 70,468

Unbilled revenue related to discontinued operations amounted to $nil (December 31, 2012– $33,523).

An amount of $14,381 (December 31, 2012 – $16,733) is recognized within unbilled revenue relating to a single long-term customer contract, whereby the normal operating cycle for this project is greater than one year. As described in note 2(b) the estimated balances within unbilled revenue are subject to uncertainty concerning ultimate realization.

7. Inventories

	December 31, 2013	December 31, 2012
Spare tires	$ 5,907	$ 5,195
Job materials	—	1,072
Manufacturing raw materials	—	2,609
Finished goods	—	1,962
	$ 5,907	$ 10,838

8. Prepaid expenses and deposits

Current:

	December 31, 2013	December 31, 2012
Prepaid insurance and deposits	$ 1,076	$ 2,075
Prepaid lease payments	880	1,771
Prepaid interest	196	352
	$ 2,152	$ 4,198

Long term:

	December 31, 2013	December 31, 2012
Prepaid lease payments (note 12(a))	$ 1,274	$ 97

9. Assets held for sale

Equipment disposal decisions are made using an approach in which a target life is set for each type of equipment. The target life is based on the manufacturer's recommendations and the Company's past experience in the various operating environments. Once a piece of equipment reaches its target life it is evaluated to determine if disposal is warranted based on its expected operating cost and reliability in its current state. If the expected operating cost exceeds the target operating cost for the fleet or if the expected reliability is lower than the target reliability of the fleet, the unit is considered for disposal. Expected operating costs and reliability are based on the past history of the unit and experience in the various operating environments.

During the year ended December 31, 2013, impairment of equipment assets held for sale amounting to $3,097 has been included in depreciation expense in the Consolidated Statements of Operations (2012 – $8,622). The write-down is the amount by which the carrying value of the related assets exceeded their fair value less costs to sell. The loss on disposal of equipment assets held for sale was $2,212 for the year ended December 31, 2013 (2012 – gain of $90).

10. Income taxes

Income tax provision differs from the amount that would be computed by applying the Federal and Provincial statutory income tax rates to income before income taxes. The reasons for the differences are as follows:

Year ended December 31,	2013	2012
Loss from continuing operations before income taxes	$ (24,149)	$ (42,778)
Tax rate	25.26%	25.12%
Expected benefit	$ (6,101)	$ (10,746)
(Decrease) increase related to:		
Impact of enacted future statutory income tax rates	(209)	160
Income tax adjustments and reassessments	(249)	407
Non deductible portion of capital losses	69	(137)
Stock-based compensation	315	112
Other	73	(78)
Income tax benefit	$ (6,102)	$ (10,282)

NOA

Classified as:

Year ended December 31,	2013	2012
Current income tax (benefit) expense	$ (2,438)	$ 1,030
Deferred income tax benefit	(3,664)	(11,312)
	$ (6,102)	$ (10,282)

The deferred tax assets and liabilities are summarized below:

	December 31, 2013	December 31, 2012
Deferred tax assets:		
Non-capital losses	$ 39,604	$ 54,086
Deferred financing costs	1,709	—
Derivative financial instruments	—	1,646
Billings in excess of costs on uncompleted contracts	1,606	2,451
Capital lease obligations	10,914	12,462
Deferred lease inducements	91	114
Stock-based compensation	1,880	1,001
Other	409	510
	$ 56,213	$ 72,270

	December 31, 2013	December 31, 2012
Deferred tax liabilities:		
Unbilled revenue and uncertified revenue included in accounts receivable	$ 5,338	$ 12,097
Assets held for sale	13	63
Accounts receivable – holdbacks	2,308	8,379
Property, plant and equipment	56,945	67,257
Deferred financing costs	—	277
Intangible assets	—	8
Deferred partnership income	18,125	—
	$ 82,729	$ 88,081
Net deferred income tax liability	$ (26,516)	$ (15,811)

Classified as:

	December 31, 2013	December 31, 2012
Current asset	$ 3,678	$ 4,396
Long term asset	27,660	56,814
Current liability	(8,036)	(19,082)
Long term liability	(49,818)	(57,939)
	$ (26,516)	$ (15,811)

The Company and its subsidiaries file income tax returns in the Canadian federal jurisdictions, five provincial jurisdictions and Colombia. Prior to the sale of piling assets and liabilities, the Company filed income tax returns in the US federal and Indiana, Oklahoma and Texas state jurisdictions. For years before 2007, the Company is no longer subject to Canadian federal or provincial examinations.

The Company has a full valuation allowance against capital losses in deferred tax assets of $962 as at December 31, 2013 (2012 – $962). At December 31, 2013, the Company has non-capital losses for income tax purposes of $156,784 which predominately expire after 2026 as follows:

	December 31, 2013
2026	$ 283
2027	—
2028	13,676
2029	1
2030	21,368
2031	40,830
2032	55,160
2033	25,466
	$ 156,784

11. Property, plant and equipment

December 31, 2013	Cost	Accumulated Deprecation	Net Book Value
Heavy equipment	$ 251,872	$ 96,038	$ 155,834
Major component parts in use	60,484	23,472	37,012
Other equipment	27,594	11,511	16,083
Licensed motor vehicles	25,911	22,474	3,437
Office and computer equipment	13,846	11,882	1,964
Buildings	4,691	2,650	2,041
Leasehold improvements	9,946	6,187	3,759
Assets under capital lease	72,627	14,782	57,845
	$ 466,971	$ 188,996	$ 277,975

December 31, 2012	Cost	Accumulated Deprecation	Net Book Value
Heavy equipment	$ 321,976	$ 113,373	$ 208,603
Major component parts in use	59,538	22,543	36,995
Other equipment	37,684	18,127	19,557
Licensed motor vehicles	32,010	25,333	6,677
Office and computer equipment	13,122	10,630	2,492
Buildings	3,541	3,096	445
Land	166	—	166
Leasehold improvements	9,743	5,656	4,087
Assets under capital lease	64,901	11,671	53,230
	$ 542,681	$ 210,429	$ 332,252

Assets under capital lease are comprised predominately of heavy equipment and licensed motor vehicles.

During the year ended December 31, 2013, additions to property, plant and equipment included $13,812 of assets that were acquired by means of capital leases (2012 – $53,774). Depreciation of equipment under capital lease of $6,694 (2012 – $7,539) was included in depreciation expense for continuing operations in the current year.

12. Other assets

a) Other assets are as follows:

	December 31, 2013	December 31, 2012
Prepaid lease payments (note 8)	$ 1,274	$ 97
Intangible assets (note 12(b))	7,043	12,063
Deferred financing costs (note 12(c))	3,813	5,350
	$ 12,130	$ 17,510

b) Intangible assets

December 31, 2013	Cost	Accumulated Amortization	Net Book Value
Other intangible assets	$ 350	$ 350	$ —
Internal-use software	22,713	15,670	7,043
	$ 23,063	$ 16,020	$ 7,043

December 31, 2012	Cost	Accumulated Amortization	Net Book Value
Customer relationships and backlog	$ 4,442	$ 1,960	$ 2,482
Other intangible assets	2,364	1,523	841
Internal-use software	19,887	12,425	7,462
Patents	2,017	739	1,278
	$ 28,710	$ 16,647	$ 12,063

During the year ended December 31, 2013, the Company capitalized $2,826 (2012 – $4,305) related to internally developed computer software.

Amortization of intangible assets for the year ended December 31, 2013 was $3,276 (2012 – $3,686). The estimated amortization expense for future years is as follows:

For the year ending December 31,	
2014	$ 3,003
2015	2,198
2016	1,255
2017	587
	$ 7,043

c) Deferred financing costs

December 31, 2013	Cost	Accumulated Amortization	Net Book Value
Revolving Facilities	$ 6,881	$ 5,994	$ 887
Series 1 Debentures	8,655	5,729	2,926
	$ 15,536	$ 11,723	$ 3,813

December 31, 2012	Cost	Accumulated Amortization	Net Book Value
Term and Revolving Facilities	$ 5,861	$ 5,233	$ 628
Series 1 Debentures	6,886	2,164	4,722
	$ 12,747	$ 7,397	$ 5,350

During the year ended December 31, 2013, financing fees of $1,020 were incurred in connection with modifications made to the amended and restated credit agreement (2012 – $439) (note 15(b)). During the year ended December 31, 2013, financing fees of $1,769 were incurred in connection with the Series 1 Debentures (2012 – $nil) (note 15(d)). These fees have been recorded as deferred financing costs and are being amortized using the effective interest method over the term of the credit agreement and the Series 1 Debentures, respectively.

Amortization of deferred financing costs included in interest expense for the year ended December 31, 2013 was $4,326 (2012 – $1,623). Upon the partial redemption of the Series 1 Debentures on July 22, 2013, a portion of the unamortized deferred financing costs related to the redeemed Series 1 Debentures of $2,737 were expensed and included in amortization of deferred financing costs (note 15(d)).

13. Goodwill

The Company's goodwill related to the piling business. The full amount of the goodwill was included in the carrying amount of the Piling business in determining the gain on the disposal (note 22(b)).

14. Accrued liabilities

	December 31, 2013	December 31, 2012
Accrued interest payable	$ 1,836	$ 4,758
Payroll liabilities	11,970	9,423
Liabilities related to equipment leases	190	760
Income and other taxes payable	1,659	1,332
	$ 15,655	$ 16,273

15. Long term debt

a) Long term debt is as follows:

Current:

	December 31, 2013	December 31, 2012
Credit facilities (note 15(b))	$ —	$ 12,855
Capital lease obligations (note 15(c))	14,996	13,055
	$ 14,996	$ 25,910

Long term:

	December 31, 2013	December 31, 2012
Credit facilities (note 15(b))	$ —	$ 49,433
Capital lease obligations (note 15(c))	28,299	36,492
Series 1 Debentures (note 15(d))	75,000	225,000
	$ 103,299	$ 310,925

b) Credit Facilities

	December 31, 2013	December 31, 2012
Term A Facility	$ —	$ 18,139
Term B Facility	—	9,107
Total Term Facilities	$ —	$ 27,246
Revolving Facility	—	35,042
Total credit facilities	$ —	$ 62,288
Less: current portion of Term Facilities	—	(12,855)
	$ —	$ 49,433

During the year ended December 31, 2013, the Company repaid the balance of the Term A and B Facilities under the Fourth Amending Agreement with net proceeds from asset sales. On October 9, 2013 the Company signed a three year Fifth Amended and Restated Credit Agreement (the "Facility") with its existing banking syndicate, replacing the Fourth Amended and Restated Credit Agreement. The Facility provides for a 1.5% lower interest rate and increased borrowing flexibility by securing the facility through a combination of working capital and equipment. The Facility allows borrowing of up to $85.0 million, broken into two tranches. Tranche A will support both borrowing under the Revolving Facility and letters of credit up to $60.0 million and Tranche B will allow up to $25.0 million in letters of credit.

As of December 31, 2013, there were $nil outstanding borrowings under Tranche A of the Revolving Facility and there were $3.1 million of issued and undrawn letters of credit under Tranche B of the Revolving Facility. As of December 31, 2012, the Company had outstanding borrowings of $27.2 million under the Term Facilities and $35.0

million under the Revolving Facility and had issued $3.1 million in letters of credit under the Revolving Facility to support performance guarantees associated with customer contracts. At December 31, 2013, the Company's unused borrowing availability under the Revolving Facility was $60.0 million.

The amended Facility provides a borrowing base, determined by the value of receivables and equipment, which reduces financial covenants to a Senior Leverage Ratio, which is to be maintained at less than 2.00 to 1.00 and a Fixed Charge Cover Ratio, which must be maintained at greater than 1.20 to 1.00. As at December 31, 2013, the Company was in compliance with the covenants.

Interest on Canadian prime rate loans is paid at variable rates based on the Canadian prime rate plus the applicable pricing margin (as defined in the credit agreement). Interest on US base rate loans is paid at a rate per annum equal to the US base rate plus the applicable pricing margin. Interest on Canadian prime rate and US base rate loans is payable monthly in arrears. Stamping fees and interest related to the issuance of Bankers' Acceptances is paid in advance upon the issuance of such Bankers' Acceptance.

c) Capital lease obligations

The Company's capital leases primarily relate to heavy equipment and licensed motor vehicles. The minimum lease payments due in each of the next five fiscal years are as follows:

2014	$	17,249
2015		16,176
2016		11,735
2017		2,241
Subtotal:	$	47,401
Less: amount representing interest		(4,106)
Present value of minimum lease payments	$	43,295
Less: current portion		(14,996)
Long term portion	$	28,299

d) Series 1 Debentures

On April 7, 2010, the Company issued $225.0 million of 9.125% Series 1 Debentures (the "Series 1 Debentures"). The Series 1 Debentures mature on April 7, 2017. The Series 1 Debentures bear interest at 9.125% per annum, payable in equal instalments semi-annually in arrears on April 7 and October 7 in each year.

The Series 1 Debentures are unsecured senior obligations and rank equally with all other existing and future unsecured senior debt and senior to any subordinated debt that may be issued by the Company or any of its subsidiaries. The Series 1 Debentures are effectively subordinated to all secured debt to the extent of collateral on such debt.

The Series 1 Debentures are redeemable at the option of the Company, in whole or in part, at any time on or after: April 7, 2014 at 103.042% of the principal amount; April 7, 2015 at 101.520% of the principal amount; April 7, 2016 and thereafter at 100% of the principal amount; plus, in each case, interest accrued to the redemption date.

If a change of control occurs, the Company is required to offer to purchase all or a portion of each debenture holder's Series 1 Debentures, at a purchase price in cash equal to 101% of the principal amount of the Series 1 Debentures offered for repurchase plus accrued interest to the date of purchase.

The Company made an offer to purchase $170.0 million of the Series 1 Debentures at par plus accrued and unpaid interest (the "Net Proceeds Offer") amount. The offer expired on August 21, 2013, pursuant to which $8.1 million of aggregate principal amount of notes were tendered to the offer and $0.3 million in accrued and unpaid interest was paid. Subsequent to the Net Proceeds Offer, the Company redeemed $150.0 million of the Series 1 Debentures, less the amount of Series 1 Debentures tendered under the Net Proceeds Offer. Holders of record at the close of business on August 23, 2013 had their Series 1 Debentures redeemed on a pro rata basis for 104.563% of the principal amount, plus accrued and unpaid interest. On August 27, 2013, the Company redeemed $141.9 million of aggregate principal amount of notes, paid $5.0 million of accrued and unpaid interest and recorded a loss on debt extinguishment of $6.5 million.

16. Financial instruments and risk management

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing on each reporting date. Standard market conventions and techniques, such as discounted cash flow analysis and option pricing models, are used to determine the fair value

of the Company's financial instruments, including derivatives. All methods of fair value measurement result in a general approximation of value and such value may never actually be realized.

The fair values of the Company's cash, accounts receivable, unbilled revenue, accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short periods to maturity for the instruments.

The fair values of amounts due under the Credit Facilities are based on management estimates which are determined by discounting cash flows required under the instruments at the interest rate currently estimated to be available for instruments with similar terms. Based on these estimates, and by using the outstanding balance of $nil at December 31, 2013 and $62.3 million at December 31, 2012 (note 15(b)), the fair value of amounts due under the Revolving Facilities as at December 31, 2013 and the Term and Revolving Facilities at December 31, 2012 are not significantly different than their carrying value.

Financial instruments with carrying amounts that differ from their fair values are as follows:

	December 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Capital lease obligations [(i)]	$ 43,295	$ 39,508	$ 49,547	$ 43,906
Series 1 Debentures [(ii)]	75,000	77,813	225,000	200,110

(i) The fair values of amounts due under capital leases are based on management estimates which are determined by discounting cash flows required under the instruments at the interest rates currently estimated to be available for instruments with similar terms.

(ii) The fair value of the Series 1 Debentures is based upon the expected discounted cash flows and the period end market price of similar financial instruments.

a) Fair value measurements

The Company has segregated all financial assets and financial liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

The fair values of the Company's embedded derivatives were based on appropriate price modeling commonly used by market participants to estimate fair value. Such modeling included option pricing models and discounted cash flow analysis, using observable market based inputs including foreign currency rates, implied volatilities and discount factors to estimate fair value. The Company considered its own credit risk or the credit risk of the counterparty in determining fair value, depending on whether the fair values are in an asset or liability position. Fair value determined using valuation models requires the use of assumptions concerning the amount and timing of future cash flows. Fair value amounts reflect management's best estimates using external, readily observable, market data such as futures prices, interest rate yield curves, foreign exchange rates and discount rates for time value. It is possible that the assumptions used in establishing fair value amounts will differ from future outcomes and the effect of such variations could be material.

At December 31, 2013, the Company had no financial assets or financial liabilities measured at fair value on a recurring basis which were classified as Level 1 or Level 2 under the fair value hierarchy. In the prior year, the Company used observable inputs of similar instruments and discounted cash flows in its valuation of its derivative financial instruments, these fair value measurements are classified as Level 2 of the fair value hierarchy. Financial assets and liabilities measured at fair value net of accrued interest on a recurring basis, all of which are classified as Derivative financial instruments on the Consolidated Balance Sheets are summarized below:

December 31, 2012	Carrying Amount
Embedded price escalation features in certain long term supplier contracts	$ 6,551
Less: current portion	(3,586)
	$ 2,965

The unrealized gains on derivative financial instruments is comprised as follows:

Year ended December 31,	2013	2012
Unrealized (gain) loss on embedded price escalation features in certain long term supplier contracts	$ (6,551)	$ (4,017)

Non-financial assets measured at fair value on a non-recurring basis as at December 31, 2013 and December 31, 2012 in the financial statements are summarized below:

	December 31, 2013		December 31, 2012	
	Carrying Amount	Change in Fair Value	Carrying Amount	Change in Fair Value
Assets held for sale	$ 52	$ (3,097)	$ 251	$ (8,622)

Assets held for sale are reported at the lower of their carrying amount or fair value less cost to sell. The fair value less cost to sell of equipment assets held for sale (note 9) is determined internally by analyzing recent auction prices for equipment with similar specifications and hours used, the residual value of the asset and the useful life of the asset. The fair value of the equipment assets held for sale are classified under Level 3 of the fair value hierarchy.

b) Risk Management

The Company is exposed to market and credit risks associated with its financial instruments. The Company will from time to time use various financial instruments to reduce market risk exposures from changes in foreign currency exchange rates and interest rates. The Company does not hold or use any derivative instruments for trading or speculative purposes.

Overall, the Company's Board of Directors has responsibility for the establishment and approval of the Company's risk management policies. Management performs a risk assessment on a continual basis to help ensure that all significant risks related to the Company and its operations have been reviewed and assessed to reflect changes in market conditions and the Company's operating activities.

c) Market Risk

Market risk is the risk that the future revenue or operating expense related cash flows, the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign currency exchange rates and interest rates. The level of market risk to which the Company is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of the Company's financial assets and liabilities held, non-trading physical assets and contract portfolios.

To manage the exposure related to changes in market risk, the Company has used various risk management techniques including the use of derivative instruments. Such instruments may be used to establish a fixed price for a commodity, an interest bearing obligation or a cash flow denominated in a foreign currency.

The sensitivities provided below are hypothetical and should not be considered to be predictive of future performance or indicative of earnings on these contracts.

i) Foreign exchange risk

The Company regularly transacts in foreign currencies when purchasing equipment and spare parts as well as certain general and administrative goods and services. These exposures are generally of a short-term nature and the impact of changes in exchange rates has not been significant in the past. The Company may fix its exposure in either the Canadian Dollar or the US Dollar for these short term transactions, if material.

ii) Interest rate risk

The Company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments. Interest expense on borrowings with floating interest rates, including the Company's Credit Facilities, varies as market interest rates change. At December 31, 2013, the Company held $nil of floating rate debt pertaining to its Credit Facilities (December 31, 2012 – $62.3 million) and accordingly our interest rate risk is immaterial.

The fair value of financial instruments with fixed interest rates, such as the Company's Series 1 Debentures, fluctuate with changes in market interest rates. However, these fluctuations do not affect earnings, as the Company's debt is carried at amortized cost and the carrying value does not change as interest rates change.

The Company manages its interest rate risk exposure by using a mix of fixed and variable rate debt and may use derivative instruments to achieve the desired proportion of variable to fixed-rate debt.

d) Credit Risk

Credit risk is the risk that financial loss to the Company may be incurred if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages the credit risk associated with its cash by holding its funds with what it believes to be reputable financial institutions. The Company is also exposed to

credit risk through its accounts receivable and unbilled revenue. Credit risk for trade and other accounts receivables, and unbilled revenue are managed through established credit monitoring activities.

The Company has a concentration of customers in the oil and gas sector. The following customers accounted for 10% or more of total revenues:

Year ended December 31,	2013	2012
Customer A	29%	23%
Customer B	22%	22%
Customer C	18%	14%
Customer D	10%	10%
Customer E	2%	10%

The concentration risk is mitigated primarily by the customers being large investment grade organizations. The credit worthiness of new customers is subject to review by management through consideration of the type of customer and the size of the contract.

At December 31, 2013 and December 31, 2012, the following customers represented 10% or more of accounts receivable and unbilled revenue:

	December 31, 2013	December 31, 2012
Customer 1	28%	13%
Customer 2	26%	21%
Customer 3	17%	8%

The Company reviews its accounts receivable amounts regularly and amounts are written down to their expected realizable value when outstanding amounts are determined not to be fully collectible. This generally occurs when the customer has indicated an inability to pay, the Company is unable to communicate with the customer over an extended period of time, and other methods to obtain payment have been considered and have not been successful. Bad debt expense is charged to project costs in the Consolidated Statements of Operations in the period that the account is determined to be doubtful. Estimates of the allowance for doubtful accounts are determined on a customer-by-customer evaluation of collectability at each reporting date taking into consideration the following factors: the length of time the receivable has been outstanding, specific knowledge of each customer's financial condition and historical experience.

The Company's maximum exposure to credit risk for accounts receivable and unbilled revenue is as follows:

	December 31, 2013	December 31, 2012
Trade accounts receivables	$ 68,364	$ 151,861
Other receivables	1,813	949
Total accounts receivable	$ 70,177	$ 152,810
Unbilled revenue	$ 32,168	$ 80,223

On a geographic basis as at December 31, 2013, 100% (December 31, 2012 – 92%) of the balance of trade accounts receivable (before considering the allowance for doubtful accounts) was due from customers based in Western Canada.

Payment terms are generally net 30 days. As at December 31, 2013 and December 31, 2012, trade receivables are aged as follows:

	December 31, 2013	December 31, 2012
Not past due	$ 59,337	$ 81,752
Past due 1-30 days	3,948	38,487
Past due 31-60 days	1,538	14,142
More than 61 days	3,541	17,480
Total	$ 68,364	$ 151,861

NOA

As at December 31, 2013, the Company has recorded an allowance for doubtful accounts of $nil (December 31, 2012 – $185) of which 100% relates to amounts that are more than 61 days past due.

The allowance is an estimate of the December 31, 2013 trade receivable balances that are considered uncollectible. Changes to the allowance are as follows:

Year ended December 31,	2013	2012
Opening balance	$ 185	$ 210
Payments received on provided balances	—	(1)
Current year allowance	365	—
Write-offs	—	(24)
Discontinued operations	(550)	—
Ending balance	$ —	$ 185

17. Other long term obligations

a) Other long term obligations are as follows:

	December 31, 2013	December 31, 2012
Liabilities related to equipment leases	$ —	$ 209
Deferred lease inducements (note 17(b))	359	466
Asset retirement obligation (note 17(c))	512	466
Senior executive stock option plan (note 23(c))	940	591
Restricted share unit plan (note 23(d))	3,667	1,742
Directors' deferred stock unit plan (note 23(e))	3,662	2,070
	$ 9,140	$ 5,544
Less current portion of:		
Restricted share unit plan (note 23(d))	(1,933)	(503)
Directors' deferred share unit plan (note 23(e))	—	(253)
	$ 7,207	$ 4,788

b) Deferred lease inducements

Lease inducements applicable to lease contracts are deferred and amortized as a reduction of general and administrative expenses on a straight-line basis over the lease term, which includes the initial lease term and renewal periods only where renewal is determined to be reasonably assured.

	December 31, 2013	December 31, 2012
Balance, beginning of year	$ 466	$ 574
Amortization of deferred lease inducements	(107)	(108)
Balance, end of year	$ 359	$ 466

c) Asset retirement obligation

The Company recorded an asset retirement obligation related to the future retirement of a facility on leased land. Accretion expense associated with this obligation is included in equipment costs in the Consolidated Statements of Operations.

The following table presents a continuity of the liability for the asset retirement obligation:

	December 31, 2013	December 31, 2012
Balance, beginning of year	$ 466	$ 424
Accretion expense	46	42
Balance, end of year	$ 512	$ 466

At December 31, 2013, estimated undiscounted cash flows required to settle the obligation were $1,084 (December 31, 2012 – $1,084). The credit adjusted risk-free rate assumed in measuring the asset retirement obligation was 9.42%. The Company expects to settle this obligation in 2021.

18. Shares

a) Common shares

Authorized:

Unlimited number of voting common shares
Unlimited number of non-voting common shares

Issued and outstanding:

	Number of Shares	Amount
Voting common shares		
Issued and outstanding at December 31, 2011	36,249,086	$ 304,896
Issued upon exercise of stock options	1,920	7
Transferred from additional paid-in capital on exercise of stock options	—	5
Issued and outstanding at December 31, 2012	36,251,006	$ 304,908
Issued upon exercise of stock options	295,230	1,175
Transferred from additional paid-in capital on exercise of stock options	—	567
Retired through Share Purchase Program (note 18(c))	(1,800,000)	(16,133)
Issued and outstanding at December 31, 2013	34,746,236	$ 290,517

b) Net (loss) income per share

Year ended December 31,	**2013**	**2012**
Net loss from continuing operations	$ (18,047)	$ (32,496)
Net income from discontinued operations	87,231	18,823
Net income (loss)	$ 69,184	$ (13,673)
Weighted average number of common shares	36,269,996	36,250,959
Basic per share information		
Net loss from continuing operations	$ (0.50)	$ (0.90)
Net income from discontinued operations	2.41	0.52
Net income (loss)	$ 1.91	$ (0.38)
Dilutive effect of stock options	342,957	—
Weighted average number of diluted common shares	36,612,953	36,250,959
Diluted per share information		
Net loss from continuing operations	$ (0.50)	$ (0.90)
Net income from discontinued operations	2.39	0.52
Net income (loss)	$ 1.89	$ (0.38)

For the year ended December 31, 2013, there were 863,414 stock options which were anti-dilutive (December 31, 2012 – 3,029,734 and 50,000 stock options and stock awards, respectively) and therefore were not considered in computing diluted earnings per share.

c) Share Purchase Program

Effective October 24, 2013, the Company commenced purchasing and subsequently canceling 1,800,000 voting common shares, in the normal course, in the United States primarily through the facilities of the New York Stock Exchange, using funds from recent business divestments. The common voting shares purchased represented approximately 5% of the issued and outstanding voting common shares. During the year ended December 31, 2013, the Company retired 1,800,000 shares, resulting in a reduction of $16,133 to common stock and an increase to additional paid in capital of $4,393.

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19. Commitments

The annual future minimum lease payments for heavy equipment, office equipment and premises in respect of operating leases, excluding contingent rentals, for the next five years and thereafter are as follows:

For the year ending December 31,		
2014	$	19,750
2015		8,321
2016		4,700
2017		4,465
2018 and thereafter		21,406
	$	58,642

Total contingent rentals on operating leases consisting principally of recovery charges in excess of minimum contracted amounts for the years ended December 31, 2013 and 2012 amounted to $249 and $1,912, respectively.

20. Contingencies

During the normal course of the Company's operations, various legal and tax matters are pending. In the opinion of management, these matters will not have a material effect on the Company's consolidated financial position or results of operations.

21. Interest expense

Year ended December 31,		2013		2012
Interest on capital lease obligations	$	2,716	$	1,326
Amortization of deferred financing costs		4,326		1,623
Interest on credit facilities		2,424		4,759
Interest on Series 1 Debentures		12,507		15,208
Interest on long term debt	$	21,973	$	22,916
Other interest (income) expense		(276)		624
	$	21,697	$	23,540

22. Discontinued operations

As part of its ongoing strategic evaluation of operations, the Company sold its pipeline related assets and piling related assets and liabilities and discontinued the operations of these businesses. Prior to this decision, the Company had two reportable business segments consisting of Heavy Construction and Mining and Commercial and Industrial Construction. The Commercial and Industrial Construction segment was comprised of pipeline and piling operations. The operations of the discontinued Commercial and Industrial Construction segment are summarized in this note.

a) Pipeline

On November 22, 2012, the Company reached an agreement with an independent third party to sell its pipeline related assets for total consideration of $16,250. The selling costs were $781 rendering net proceeds of $15,469. The Company does not have any significant continuing involvement in the operations of pipeline. For all periods presented, the results of its pipeline operations and cash flows have been reported as discontinued operations.

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The results of pipeline discontinued operations are summarized as follows:

Year ended December 31,	2013	2012
Revenue	$ —	$ 84,399
Project costs	1,321	93,442
Depreciation	—	556
Gross loss	$ (1,321)	$ (9,599)
General and administrative expenses	312	1,277
Loss (gain) on disposal of property, plant and equipment	63	(438)
Recovery of previously expensed tools, supplies and equipment parts	—	(1,095)
Gain on sale of inventory	(46)	(668)
Operating loss	$ (1,650)	$ (8,675)
Interest expense	—	962
Loss before income taxes	$ (1,650)	$ (9,637)
Deferred income tax benefit	(510)	(2,003)
Net loss from discontinued operations	$ (1,140)	$ (7,634)

Cash (used in) provided by the pipeline discontinued operations is summarized as follows:

Year ended December 31,	2013	2012
Operating activities	$ (1,587)	$ (8,267)
Investing activities	—	11,197
	$ (1,587)	$ 2,930

b) Piling

On July 12, 2013, the Company sold its piling related assets and liabilities, excluding accounts receivable and unbilled revenue on a certain customer contract, and exited the piling, foundation, pipeline anchor and tank services businesses, for proceeds of $227,500. The selling and disposal costs were $8,102 rendering net proceeds of $219,392. The terms of the agreement entitle the Company to additional proceeds of up to $92,500 over the next three years, contingent on the Purchaser achieving certain "net income before interest expense, income taxes, depreciation and amortization" (EBITDA) thresholds from the assets and liabilities sold. These contingent proceeds will be recognized as the piling business EBITDA targets are achieved. The assets and liabilities being sold were classified as held for sale on the Consolidated Balance Sheets prior to the close of the sale. For all periods presented, the results of piling operations and cash flows are included in discontinued operations. The Company does not have any significant continuing involvement in piling operations.

The following table summarizes the transaction:

Proceeds	$ 227,500
Working capital adjustment	(5,863)
Capital lease liability	5,869
Selling and disposal costs	8,102
Net proceeds	$ 219,392
Non-cash working capital	33,699
Property, plant and equipment, net	56,377
Intangibles	4,219
Goodwill	32,901
Capital lease obligation	(5,869)
Net gain	$ 98,065

The results of piling discontinued operations are summarized as follows:

Year ended December 31,	2013	2012
Revenue	$ 98,735	$ 242,106
Project costs	79,472	178,970
Equipment operating lease expense	1,242	2,315
Depreciation	706	3,706
Gross profit	$ 17,315	$ 57,115
General and administrative expenses	6,857	12,518
Amortization of intangible assets	351	1,410
Gain on disposal of piling assets and liabilities	(98,065)	—
Operating income	$ 108,172	$ 43,187
Interest expense	4,758	7,557
Income before income taxes	$ 103,414	$ 35,630
Current income tax expense	164	—
Deferred income tax expense	14,879	9,173
Net income from discontinued operations	$ 88,371	$ 26,457

Cash provided by (used in) the piling discontinued operations is summarized as follows:

Year ended December 31,	2013	2012
Operating activities	$ 47,326	$ 6,373
Investing activities	182,836	(5,270)
Financing activities	(271)	(720)
	$ 229,891	$ 383

23. Stock-based compensation

a) Stock-based compensation expenses

Stock-based compensation expenses included in general and administrative expenses are as follows:

Year ended December 31,	2013	2012
Share option plan (note 23(b))	$ 981	$ 1,327
Restricted share unit plan (note 23(d))	2,652	(297)
Directors' deferred stock unit plan (note 23(e))	2,560	(547)
Stock award plan (note 23(f))	—	47
	$ 6,193	$ 530

b) Share option plan

Under the 2004 Amended and Restated Share Option Plan, which was approved and became effective in 2006, directors, officers, employees and certain service providers to the Company are eligible to receive stock options to acquire voting common shares in the Company. Each stock option provides the right to acquire one common share in the Company and expires ten years from the grant date or on termination of employment. Options may be exercised at a price determined at the time the option is awarded, and vest as follows: no options vest on the award date and twenty percent vest on each subsequent anniversary date.

	Number of options	Weighted average exercise price $ per share
Outstanding at December 31, 2011	1,864,434	8.78
Granted	1,517,400	2.83
Exercised(i)	(1,920)	(3.69)
Forfeited	(350,180)	(9.65)
Outstanding at December 31, 2012	3,029,734	5.70
Granted	177,400	5.91
Exercised(i)	(295,230)	(3.98)
Forfeited	(698,624)	(7.12)
Outstanding at December 31, 2013	2,213,280	5.51

(i) All stock options exercised resulted in new common shares being issued (note 18(a));

Cash received from option exercises for the year ended December 31, 2013 was $1,175 (2012 - $7). The total intrinsic value of options exercised, calculated as market value at the exercise date less exercise price, multiplied by the number of units exercised, for the years ended December 31, 2013 and 2012 was $524 and $5, respectively.

The following table summarizes information about stock options outstanding at December 31, 2013:

	Options outstanding			Options exercisable		
Exercise price	Number	Weighted average remaining life	Weighted average exercise price	Number	Weighted average remaining life	Weighted average exercise price
$2.75	414,440	8.5 years	$ 2.75	46,440	8.3 years	$ 2.75
$2.79	680,000	8.5 years	$ 2.79	80,000	8.5 years	$ 2.79
$3.69	68,100	4.2 years	$ 3.69	68,100	4.2 years	$ 3.69
$4.90	40,000	8.3 years	$ 4.90	8,000	8.3 years	$ 4.90
$5.00	221,760	1.6 years	$ 5.00	221,760	1.6 years	$ 5.00
$5.91	177,400	10.0 years	$ 5.91	—	—	—
$6.56	118,860	7.0 years	$ 6.56	56,520	6 years	$ 6.56
$8.28	60,000	5.5 years	$ 8.28	48,000	5.5 years	$ 8.28
$8.58	30,000	6.7 years	$ 8.58	18,000	6.7 years	$ 8.58
$9.33	84,460	5.3 years	$ 9.33	54,540	5.5 years	$ 9.33
$10.13	82,780	6.2 years	$ 10.13	55,860	5.8 years	$ 10.13
$13.21	75,000	4.0 years	$ 13.21	75,000	4 years	$ 13.21
$13.50	82,720	3.7 years	$ 13.50	82,720	3.7 years	$ 13.50
$16.46	50,000	4.3 years	$ 16.46	50,000	4.3 years	$ 16.46
$16.75	27,760	2.7 years	$ 16.75	27,760	2.7 years	$ 16.75
	2,213,280	6.9 years	$ 5.51	892,700	4.5 years	$ 8.00

At December 31, 2013, the weighted average remaining contractual life of outstanding options is 6.9 years (March 31, 2012 – 7.3 years). The fair value of options vested during the year ended December 31, 2013 was $1,278 (December 31, 2012 – $1,436). At December 31, 2013, the Company had 892,700 exercisable options (December 31, 2012 – 1,106,274) with a weighted average exercise price of $8.00 (December 31, 2012 – $8.59).

At December 31, 2013, the total compensation costs related to non-vested awards not yet recognized was $1,762 (December 31, 2012 – $2,983) and these costs are expected to be recognized over a weighted average period of 3.2 years (December 31, 2012 – 3.7 years).

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The fair value of each option granted by the Company was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

Year ended December 31,	2013	2012
Number of options granted	177,400	1,517,400
Weighted average fair value per option granted ($)	3.73	1.88
Weighted average assumptions:		
Dividend yield	N/A	N/A
Expected volatility	69.11%	74.52%
Risk-free interest rate	1.91%	1.02%
Expected life (years)	6.2	6.4

The Company uses company specific historical data to estimate the expected life of the option, such as employee option exercise and employee post-vesting departure behaviour.

c) Senior executive stock option plan

On September 22, 2010, the Company modified a senior executive employment agreement to allow the option holder the right to settle options in cash which resulted in 550,000 stock options (senior executive stock options) changing classification from equity to a long term liability. The liability is measured at fair value using the Black-Scholes model at the modification date and subsequently at each period end date. Previously recognized compensation cost related to the senior executive stock option plan of $2,237 was transferred from additional paid-in capital to the senior executive stock option liability on the modification date. The fair value of the compensation liability is calculated using the Black-Scholes model at each period end. Changes in fair value of the liability are recognized in the Consolidated Statements of Operations.

The weighted average assumptions used in estimating the fair value of the fully vested senior executive stock options as at December 31, 2013 and 2012 are as follows:

Year ended December 31,	2013	2012
Number of senior executive stock options	550,000	550,000
Weighted average fair value per option granted ($)	1.71	1.08
Weighted average assumptions:		
Dividend yield	N/A	N/A
Expected volatility	39.12%	72.78%
Risk-free interest rate	0.22%	0.29%
Expected life (years)	1.4	2.4

d) Restricted share unit plan

Restricted Share Units (“RSUs”) are granted each fiscal year with respect to services to be provided in that fiscal year and the following two fiscal years. The RSUs vest at the end of a three-year term. The Company classifies RSUs as a liability as the Company has the ability and intent to settle the awards in cash.

Compensation expense is calculated based on the number of vested shares multiplied by the fair market value of each RSU as determined by the volume weighted average trading price of the Company’s common shares for the five trading days immediately preceding the day on which the fair market value is to be determined. The Company recognizes compensation expense over the three-year term of the RSU in the Consolidated Statements of Operations.

	Number of units
Outstanding at December 31, 2011	1,209,832
Granted	625,405
Settled	(345,679)
Forfeited	(379,283)
Outstanding at December 31, 2012	1,110,275
Granted	555,204
Settled	(154,330)
Forfeited	(487,205)
Outstanding at December 31, 2013	1,023,944

At December 31, 2013, the current portion of RSU liabilities of $1,933 were included in accrued liabilities (December 31, 2012 - $503) and long term portion of RSU liabilities of $1,734 were included in other long term obligations (December 31, 2012 — $1,239) in the Consolidated Balance Sheets. During the year ended December 31, 2013, 154,330 units were settled in cash for $727 (2012 - 345,679 units settled in cash for $1,677).

At December 31, 2013, the weighted average remaining contractual life of the outstanding RSUs was 1.3 years (December 31, 2012 – 1.6 years). Using a fair market value of $6.24 per unit at December 31, 2013, there were approximately $2,958 of total unrecognized compensation costs related to non–vested share–based payment arrangements under the RSU Plan (December 31, 2012 – $1,980) and these costs are expected to be recognized over the weighted average remaining contractual life of the RSUs of 1.3 years (December 31, 2012 – 1.6 years).

e) Director's deferred stock unit plan

On November 27, 2007, the Company approved a Directors' Deferred Stock Unit ("DDSU") Plan, which became effective January 1, 2008. Under the DDSU Plan, non–officer directors of the Company receive 50% of their annual fixed remuneration (which is included in general and administrative expenses) in the form of DDSUs and may elect to receive all or a part of their annual fixed remuneration in excess of 50% in the form of DDSUs. The number of DDSUs to be credited to the participants deferred unit account is determined by dividing the amount of the participant's deferred remuneration by fair market value of the Company's common shares, calculated as the Canadian Dollar equivalent of the volume weighted average trading price of the Company's common shares for the five trading days immediately preceding the date that participants' remuneration becomes payable. The DDSUs vest immediately upon issuance and are only redeemable upon death or retirement of the participant for cash determined by the market price of the Company's common shares for the five trading days immediately preceding death or retirement. Directors, who are not US taxpayers, may elect to defer the redemption date until a date no later than December 1st of the calendar year following the year in which the retirement or death occurred.

	Number of units
Outstanding at December 31, 2011	421,749
Issued	266,820
Redeemed	(63,413)
Outstanding at December 31, 2012	625,156
Issued	141,509
Redeemed	(179,831)
Outstanding at December 31, 2013	586,834

At December 31, 2013, the fair market value of these units was $6.24 per unit (December 31, 2012 – $3.31 per unit). At December 31, 2013, the current portion of DDSU liabilities of $nil were included in accrued liabilities (December 31, 2012 - $253) and the long term portion of DDSU liabilities of $3,662 were included in other long term obligations (December 31, 2012 - $1,817) in the Consolidated Balance Sheets. During the year ended December 31, 2013, 179,831 units were redeemed and settled in cash for $968 (December 31, 2012 - 63,413 units were redeemed and settled in cash for $175). There is no unrecognized compensation expense related to the DDSUs, since these awards vest immediately when issued.

f) Stock award plan

On September 24, 2009, the former Chief Executive Officer's (CEO) employment agreement was extended by the Board of Directors for a further period of two years, to May 8, 2012. In addition to the existing conditions in his

employment agreement, as of September 24, 2010, the effective date, the former CEO was granted the right to receive 150,000 common shares of the Company.

The former CEO's entitlement, upon the above release dates, could be settled in common shares purchased on the open market or through the issuance of common shares from treasury, in each case net of required withholdings. The estimate of the fair value of the stock award on the grant date is equal to the market price of the Company's common shares.

As at December 31, 2013, there were no Stock Award Plan units outstanding (December 31, 2012 - nil). During the year ended December 31, 2012, 50,000 stock awards vested and were settled in common shares purchased on the open market for $148.

24. Other information

a) Supplemental cash flow information

Year ended December 31,	2013	2012
Cash paid during the year for:		
Interest	$ 25,528	$ 29,625
Income taxes	91	5,072
Cash received during the year for:		
Interest	256	8
Income taxes	3,797	97

Year ended December 31,	2013	2012
Non-cash transactions:		
Acquisition of property, plant and equipment for continuing operations by means of capital leases	$ 13,812	$ 47,297
Additions to assets held for sale	(5,123)	(10,444)
Net change in accounts payable related to purchase of property, plant and equipment	2,931	(2,198)
Net change in current portion of equipment lease liabilities included in accrued liabilities related to the purchase of property, plant and equipment	(159)	(1,574)
Net change in long term portion of equipment lease liabilities related to the purchase of property, plant and equipment	1,702	(1,702)
Net change in property, plant and equipment resulting from reclassification to inventory	—	2,219
Net change in accrued liabilities related to current portion of RSU liability	1,430	(1,639)
Net change in accrued liabilities related to current portion of DDSU liability	(253)	253

b) Net change in non-cash working capital

Year ended December 31,	2013	2012
Operating activities:		
Accounts receivable, net	$ 29,765	$ 70,577
Unbilled revenue	30,275	56,625
Inventories	(644)	3,416
Prepaid expenses and deposits	634	5,050
Accounts payable	(31,847)	(35,292)
Accrued liabilities	(1,603)	(11,534)
Long term portion of liabilities related to equipment leases	(209)	(1,721)
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	(872)	(2,160)
	$ 25,499	$ 84,961

25. Claims revenue

Year ended December 31,	2013	2012
Claims revenue recognized	$ 17,053	$ 21,565
Claims revenue uncollected (classified as unbilled revenue)	8,074	21,942

26. Related party transactions

From the time of the Company's initial public offering in November of 2006 to June 26, 2013, Perry Partners, L.P. and Perry Partners International, Inc. (together, “Perry”) was a Sponsor of the Company. As a Sponsor, Perry had an Advisory Services Agreement with the Company under which Perry was entitled to receive reports, financial data and other information from the Company and the Company was entitled to receive consulting services relating to the Company’s operations, affairs and finances. No fee was charged by Perry for such consulting and advisory services. On June 26, 2013, the Company and Perry entered into an agreement terminating Perry's Advisory Services Agreement.

There were no material related party transactions during the years ended December 31, 2013 and December 31, 2012. All related party transactions were in the normal course of operations and were measured at the exchange amount, being the consideration established and agreed to by the related parties.

27. Employee benefit plans

The Company and its subsidiaries match voluntary contributions made by employees to their Registered Retirement Savings Plans to a maximum of 5% of base salary for each employee. Contributions made by the Company during the year ended December 31, 2013 were $1,565 (2012 – $2,143).

28. Comparative figures

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation of the current year consolidated financial statements.

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NORTH AMERICAN ENERGY PARTNERS INC. Exhibit 99.3
Management's Discussion and Analysis
For the year ended December 31, 2013



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Management's Discussion and Analysis

For the year ended December 31, 2013

A. EXPLANATORY NOTES

February 19, 2014

The following Management's Discussion and Analysis (MD&A) is as of December 31, 2013 *and should be read in conjunction with the attached audited consolidated financial statements for the year ended December 31, 2013 and notes that follow. These statements have been prepared in accordance with United States (US) generally accepted accounting principles (GAAP). Except where otherwise specifically indicated, all dollar amounts are expressed in Canadian dollars. The audited consolidated financial statements and additional information relating to our business, including our most recent Annual Information Form (AIF), are available on the Canadian Securities Administrators' SEDAR System at* www.sedar.com*, the Securities and Exchange Commission's website at* www.sec.gov *and our company website at* www.nacg.ca.

Change of Financial Reporting Year-End

As announced on June 10, 2013, we have changed our reporting year-end to align with the calendar year-end of December 31st. In our audited consolidated financial statements and notes that follow for the year ending December 31, 2013, our transition year, we have presented results from January 1, 2013 to December 31, 2013 with comparative results recast from January 1 to December 31, 2012. As part of the change in our year-end, our auditors (KPMG) performed an audit on our consolidated financial statements for the year ended December 31, 2012 and the opening balance sheet of that year.

Analysis of annual results presented in this MD&A reflects a discussion on activity from January 1 to December 31 of the relevant year. To aid in the transition to a calendar year-end we have provided a summary of consolidated results for the nine months ended December 31, 2013 and 2012, respectively, in "Financial Results - Summary of Consolidated Nine Month Results" in this MD&A.

Caution Regarding Forward-Looking Information

Our MD&A is intended to enable readers to gain an understanding of our current results and financial position. To do so, we provide material information and analysis about our company and our business at a point in time, in the context of our historical and possible future development. Accordingly, certain sections of this report contain forward-looking information that is based on current plans and expectations. This forward-looking information is affected by risks, assumptions and uncertainties that could have a material impact on future prospects. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks, assumptions and uncertainties related to such information. Readers are cautioned that actual events and results may vary.

Non-GAAP Financial Measures

A non-GAAP financial measure is generally defined by the Securities and Exchange Commission (SEC) and by the Canadian securities regulatory authorities as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measures. In our MD&A, we use non-GAAP financial measures such as EBITDA which is "net income before interest expense, income taxes, depreciation and amortization", "Consolidated EBITDA" (as defined in our fifth amended and restated credit agreement, our "credit agreement"), "Piling Business EBITDA" and "backlog". Where relevant, particularly for earnings-based measures, we provide tables in this document that reconcile non-GAAP measures used to amounts reported in the consolidated financial statements.

EBITDA and Consolidated EBITDA

Consolidated EBITDA is defined as EBITDA, excluding the effects of unrealized foreign exchange gain or loss, realized and unrealized gain or loss on derivative financial instruments, non-cash stock-based compensation expense, gain or loss on disposal of plant and equipment, the impairment of goodwill, the amendment related to the 2011 $42.5 million revenue write-down on the Canadian Natural[1] overburden removal contract and certain other non-cash items included in the calculation of net income.

[1] Canadian Natural Resources Limited (Canadian Natural), owner and operator of the Horizon Oil Sands mine site.

Management reviews EBITDA to determine whether plant and equipment are being allocated efficiently. In addition, our credit facility requires us to maintain both a minimum interest coverage ratio and a maximum senior leverage ratio and also identifies limits to our annual capital spend, all of which are calculated using Consolidated EBITDA. Non-compliance with these financial covenants could result in a requirement to immediately repay all amounts outstanding under our credit facility.

As EBITDA and Consolidated EBITDA are non-GAAP financial measures, our computations of EBITDA and Consolidated EBITDA may vary from others in our industry. EBITDA and Consolidated EBITDA should not be considered as alternatives to operating income or net income as measures of operating performance or cash flows as measures of liquidity. EBITDA and Consolidated EBITDA have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under US GAAP. For example, EBITDA and Consolidated EBITDA do not:

- reflect our cash expenditures or requirements for capital expenditures or capital commitments or proceeds from capital disposals;
- reflect changes in our cash requirements for our working capital needs;
- reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- include tax payments or recoveries that represent a reduction or increase in cash available to us; or
- reflect any cash requirements for assets being depreciated and amortized that may have to be replaced in the future.

Consolidated EBITDA excludes unrealized foreign exchange gains and losses and realized and unrealized gains and losses on derivative financial instruments, which, in the case of unrealized losses may ultimately result in a liability that may need to be paid and in the case of realized losses, represents an actual use of cash during the period.

Piling Business EBITDA

As part of the sale of our Piling related assets and liabilities, as discussed in "Significant Business Events - Divestiture of Piling Related Assets and Liabilities", we may receive contingent proceeds based on certain profitability thresholds being achieved from the use of the assets and liabilities sold. The calculation of the actual profitability performance, for the purpose of determining the contingent proceeds that we should receive, is defined in the purchase and sale agreement using substantially our definition of Consolidated EBITDA, as described above, as it applies to the Piling business with a limit placed on incremental corporate General & Administrative ("G&A") costs that can be included in the determination of such EBITDA (the "Piling Business EBITDA").

B. SIGNIFICANT BUSINESS EVENTS

Accomplishments against our 2013 Strategic Priorities

At the start of 2013, we established a set of strategic priorities which would lead us to becoming an integrated service provider of choice for the developers and operators of resource-based industries in a broad and often challenging range of environments while also restoring shareholder confidence and value. These priorities included:

- Enhance safety culture;
- Increase customer satisfaction;
- Improve productivity and profitability;
- Improve cash flow;
- Strengthen the balance sheet; and
- Increase our presence outside the oil sands.

Our focus on these priorities resulted in the following significant 2013 accomplishments:

- Reduction of our Total Recordable Injury Rate ("TRIR") to an industry leading 0.77;
- Simplification of our customer offering to a strategic focus on our core Heavy Construction and Mining business, with the sale of our piling related assets and liabilities;

- Improvement to shareholder value with the buy-back of nearly 5% of our outstanding common shares (1.8 million common shares);
- Reduction of our net balance sheet debt to $104.6 million from $335.7 million which should lead to an anticipated $18.0 million interest cost savings in 2014;
- Annual 45% improvement in shareholder's equity, on the balance sheet, to $191.8 million;
- Significant improvement to our cost structure such that we exited the year with Consolidated EBITDA margin from continuing operations of near to 10% despite a 21% drop in revenue;
- Generation of $34.7 million of free cash flow[2] from better profitability and capital discipline; and
- Change to our financial reporting period to a calendar year-end.

With these major accomplishments behind us we are focusing our significant experience and knowledge on growing our core Heavy Construction and Mining business while continuing to improve our profitability through a focus on project management efficiencies and equipment cost improvements.

A complete discussion on these strategic priorities and tactics can be found in our most recent Annual Information Form ("AIF").

Divestiture of Piling Related Assets and Liabilities

On July 12, 2013 we sold our Canadian based Piling related assets and liabilities and our US based Cyntech US Inc. legal entity (the "Piling sale") to the Keller Group plc (the "Keller Group" or the "Purchaser") for consideration of $227.5 million, plus $5.9 million of working capital adjustment. Net proceeds of $219.4 million were realized after the assignment to the Purchaser of $5.9 million of capital leases and selling and disposal costs of $8.1 million. A pre-tax gain on disposal of $98.1 million was recorded. In addition, we may receive up to $92.5 million in additional proceeds over the next three years, contingent on the Purchaser achieving prescribed profitability thresholds from the assets and liabilities sold. These contingent proceeds will be recognized as the Piling Business EBITDA targets are achieved. For a discussion on the contingent proceeds related to the Piling sale see "Financial Results - Contingent Proceeds" in this MD&A.t

In conjunction with the Piling sale, we have exited the piling, foundation, pipeline anchor and tank services businesses.

A portion of the net proceeds was used to repay the Term A Facility, drawn against the fourth amended and restated credit agreement ("the previous credit agreement") and the outstanding balance of the associated Revolver Facility in July 2013, while a significant portion of the remaining proceeds was used in the partial redemption of our Series 1 Debentures. For a discussion of the partial redemption of our Series 1 Debentures see "Debt Restructuring", below.

For all periods presented, Piling results are now reported within "Income from discontinued operations, net of tax" in our Consolidated Statements of Operations and Comprehensive Income (Loss) and "Cash provided by (used in) discontinued operations" in our Consolidated Statements of Cash Flows. Prior to the Piling sale, activity in the Piling business was reported as part of the Commercial and Industrial Construction segment.

For details of our results from discontinued operations related to piling activity see "Financial Results - Net Income (Loss) from Discontinued Operations" in this MD&A. For a discussion on the contingent proceeds from the Piling sale see "Financial Results - Contingent Proceeds" in this MD&A.

Debt and Equity Restructuring

Credit Facility Repayment

During the twelve months ended December 31, 2013, we repaid the outstanding balance of both our Term A Facility and Term B Facility, drawn against the previous credit agreement and subsequently eliminated both Term Facilities.

- During the three months ended September 30, 2013, we used a portion of the Piling sale net proceeds to pay the $16.3 million outstanding on the Term A Facility.
- During the three months ended June 30, 2013, we repaid the $5.6 million outstanding balance of our Term B Facility.

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[2] Free cash flow is calculated as cash from operating activities net cash from sustaining investing activities.

t This paragraph contains forward-looking information. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks and uncertainties related to such information.

Fifth Amended and Restated Credit Agreement

On October 9, 2013 we signed a three year fifth amended and restated credit agreement ("the credit agreement") with our existing banking syndicate. The credit agreement provides for a 1.5% lower interest rate and increased borrowing flexibility by securing the facility through a combination of working capital and equipment. Highlights of the facility include:

- Borrowing of up to $85.0 million under a revolving facility ("the Revolving Facility")
- The use of a borrowing base is determined by the value of receivables and equipment which reduces our financial covenants to:
    - A Senior Leverage Ratio, which is to be maintained at less than 2.00 to 1.00.
    - A Fixed Charge Cover Ratio, which by December 31, 2013 must be maintained at greater than 1.20 to 1.00.

For a discussion of our credit agreement and the related covenants, see "Resources and Systems - Credit Facility" in this MD&A.

Partial Purchase / Redemption of 9.125% Series 1 Senior Unsecured Debentures Due 2017

To satisfy the requirement in the indenture governing our 9.125% Series 1 Senior Unsecured Debentures Due 2017(the "Series 1 Debentures"), on July 22, 2013 we made an offer to purchase $170.0 million of our Series 1 Debentures at par plus accrued and unpaid interest (the "Net Proceeds Offer") which amount represented the excess proceeds from the Piling sale that were not used for the purposes permitted in the indenture. The $170.0 million offer expired on August 21, 2013, pursuant to which $8.1 million of aggregate principal amount of notes were tendered to the offer and $0.3 million in accrued and unpaid interest was paid.

In addition, on July 22, 2013 we announced that we had elected to redeem $150.0 million of our Series 1 Debentures, less the amount of any Series 1 Debentures tendered under the Net Proceeds Offer. Holders of record at the close of business on August 23, 2013 had their Series 1 Debentures redeemed on a pro rata basis for 104.563% of the principal amount, plus accrued and unpaid interest. On August 27, 2013, we redeemed $141.9 million of aggregate principal amount of notes, paid $5.0 million of accrued and unpaid interest and recorded a loss on debt extinguishment of $6.5 million.

The partial Series 1 Debentures retirement is expected to reduce annual interest cost by approximately $13.7 million for the Series 1 Debentures to $6.8 million.t

Amendment to the Trust Indenture Related to the Series 1 Debentures

We sought and obtained the required consents of holders of the Series 1 Debentures to amend, and on October 10, 2013, we amended the Trust Indenture related to the Series 1 Debentures ("the amendment"). The amendment allows us to make Restricted Payments (as defined in the Indenture) in an aggregate amount of up to $30.0 million, subject to certain limitations. In consideration for the required consent we paid a $1.5 million pro-rated fee to the Series 1 Debenture holders that provided consent for the amendment.

Heavy Equipment Lease Refinancing

During the year ended December 31, 2013, we negotiated the refinancing of $13.6 million in heavy equipment related leases. This is in addition to the $40.1 million in heavy equipment related leases refinanced during the year ended December 31, 2012, including $7.2 million of expired lease renewals. The lease refinancing included changes to lease terms and to the timing of principal repayments and resulted in an associated addition to property, plant and equipment (net of capitalized over-hour liabilities). These leases were previously classified as operating leases, however with the refinancing terms they are now classified as capital leases. As a result of the Piling sale, we reduced our capital leases by $5.9 million with the assignment of piling related equipment leases to the Purchaser.

t This paragraph contains forward-looking information. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks and uncertainties related to such information.

Summary of Debt Restructuring

Debt declined by $185.1 million in the year ended December 31, 2013. Our debt reduction activities have rendered a total reduction of $256.1 million in debt (excluding the Revolving Facility) since December 31, 2011, as follows:

	Balance for the period ended			
	Dec 31, 2013	**Mar 31, 2013**	**Dec 31, 2012**	**Dec 31, 2011**
Debentures and term loans				
Series 1 Debentures	75,000	225,000	225,000	225,000
Term A Facility	—	17,202	18,139	21,887
Term B Facility	—	5,644	9,107	39,059
Total debentures and term loans	**$ 75,000**	**$ 247,846**	**$ 252,246**	**$ 285,946**
Equipment / building financing				
Operating lease commitments	58,143	61,589	63,884	145,731
Capital leases (including interest)	47,401	46,975	49,547	5,013
Total equipment / building financing	**$ 105,544**	**$ 108,564**	**$ 113,431**	**$ 150,744**

We did not have a Revolving Facility balance at December 31, 2013, compared to balances of $22.4 million, $35.0 million and $38.0 million at March 31, 2013, December 31, 2012 and December 31, 2011, respectively.

Share Purchase Program

On December 19, 2013 we completed the purchase and subsequent cancellation of 1.8 million voting common shares, in the normal course, in the United States primarily through the facilities of the New York Stock Exchange, using monetized claims arising from our recent business divestments (the "Purchase Program"). The common voting shares purchased under the Purchase Program represented approximately 5% of our issued and outstanding voting common shares, leaving a balance of 34,715,236 shares outstanding as of December 19, 2013.

All purchases of shares in the United States were made in compliance with Rule 10b-18, under the US Securities Exchange Act of 1934, whereby the safe harbour conditions limited the number of shares that could be purchased per day to a maximum of 25% of the average daily trading volume for the four calendar weeks preceding the date of purchase, with certain exceptions permitted for block trading. The price per share, for all but the block trades, was based on the market price of such shares at the time of purchase, in accordance with regulatory requirements.

Restructuring our General and Administrative and Operations Support Organizations

As a result of the July 2013 Piling sale, our business support requirements were simplified. As a single focused Heavy Construction and Mining business, at the time of the Piling sale announcement we implemented a business restructuring initiative to simplify our business support needs. Subsequently, in November 2013 we implemented a further restructuring initiative to align our operational support staffing levels to our operational volumes. A total of $0.8 million in restructuring charges were recorded against our results from ongoing operations as a result of these reorganizations.

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C. OUR BUSINESS

Five Year Business Performance

The table below represents select financial data related to our business performance for the past five years:

	Year ended December 31,				
(dollars in thousands except ratios and per share amounts)	**2013**	**2012**	**2011[1]**	**2010**	**2009**
Operating Data					
Revenue	$ 470,484	$ 595,422	$ 636,101	$ 716,562	$ 621,427
Gross profit	45,739	24,030	16,293	97,166	129,612
Gross profit margin	9.7%	4.0%	2.6%	13.6%	20.9%
Operating (loss) income[2]	(2,683)	(23,136)	(31,574)	36,431	(66,734)
Net loss from continuing operations[2]	(18,047)	(32,496)	(35,508)	(2,230)	(99,937)
Net income (loss)[2]	69,184	(13,673)	(34,737)	(5,142)	(108,415)
Consolidated EBITDA for continuing operations[3]	43,466	28,071	55,518	81,538	116,679
Consolidated EBITDA[3]	53,043	67,817	73,330	86,549	119,498
Per share information for continuing operations					
Net loss - basic	$ (0.50)	$ (0.90)	$ (0.98)	$ (0.06)	$ (2.77)
Net loss - diluted	(0.50)	(0.90)	(0.98)	(0.06)	(2.77)
Per share information					
Net income (loss) - basic	$ 1.91	$ (0.38)	$ (0.96)	$ (0.06)	$ (2.77)
Net income (loss) - diluted	1.89	(0.38)	(0.96)	(0.08)	(0.24)
Balance Sheet Data					
Total assets[4]	$ 445,641	$ 474,749	$ 478,671	$ 568,458	$ 570,979
Total shareholders' equity	191,835	132,557	143,573	176,902	181,849
Net debt to shareholders' equity[4][5]	0.5:1	2.5:1	2.3:1	1.7:1	1.3:1

1 Financial results for the year ended December 31, 2011 include a $42.5 million revenue write-down related to the Canadian Natural contract.

2 Financial results for the year ended December 31, 2009 include a goodwill impairment charge of $143.4 million.

3 For a definition of Consolidated EBITDA and reconciliation to net income see "Non-GAAP Financial Measures" and "Consolidated EBITDA" in this MD&A.

4 Total assets and net debt to shareholder's equity have been adjusted to only include assets and net debt associated with continuing operations for all periods presented.

5 Net debt is calculated as the net of Series 1 Debentures, 8 3/4% senior notes, current and non-recurring portion of swap liability, capital lease obligations and credit facilities, less cash.

Business Overview

We provide a wide range of mining and heavy construction services to customers in the resource development and industrial construction sectors, primarily within Western Canada.

Our core market is the Canadian oil sands, where we provide construction and operations support services through all stages of an oil sands project's lifecycle. We have extensive construction experience in both mining and in situ oil sands projects and we have been providing operations support services to the five producers currently mining bitumen in the oil sands since inception of their respective projects: Syncrude[3], Suncor[4], Shell[5], Imperial Oil[6] and Canadian Natural. We focus on building long-term relationships with our customers and in the case of Syncrude and Suncor, these relationships span over 30 years.

We believe that we operate one of the largest equipment fleets of any Heavy Construction and Mining contract services provider in Canada. Our total fleet (owned, leased and rented) includes approximately 459 pieces of diversified heavy construction equipment supported by over 1,301 pieces of ancillary equipment. We have a specific capability operating in the harsh climate and difficult terrain of northern Canada, particularly in the Canadian oil sands. While our services are primarily focused on the oil sands, we believe that we have demonstrated our ability to successfully apply our oil sands knowledge and technology and put it to work in other resource

[3] Syncrude Canada Ltd. (Syncrude) - operator of the oil sands mining and extraction operations for the Syncrude Project, a joint venture amongst Canadian Oil Sands Limited (37%), Imperial Oil Resources (25%), Suncor Energy Oil and Gas Partnership (12%), Sinopec Oil Sands Partnership (9%), Nexen Oil Sands Partnership (7%), Murphy Oil Company Ltd. (5%) and Mocal Energy Limited (5%).
[4] Suncor Energy Inc. (Suncor).
[5] Shell Canada Energy (Shell), a division of Shell Canada Limited, which is the operator of the oil sands mining and extraction operations on behalf of Athabasca Oil Sands Project (AOSP), a joint venture amongst Shell Canada Limited (60%), Chevron Canada Limited (20%) and Marathon Oil Corporation (20%).
[6] Imperial Oil Resources Limited. (Imperial Oil).

development projects. We believe we are positioned to respond to the needs of a wide range of other resource developers and we remain committed to continue expanding our operations outside of the Canadian oil sands.

We believe that our excellent safety record, coupled with our significant oil sands knowledge, experience, long-term customer relationships, equipment capacity and scale of operations, differentiate us from our competition and provide significant value to our customers.

Operations Overview

Our services are primarily focused on supporting the construction and operation of surface mines, particularly in the oil sands, with a focus on:

- site clearing and access road construction;
- site development and underground utility installation;
- construction and relocation of mine site infrastructure;
- stripping, muskeg removal and overburden removal;
- heavy equipment and labour supply;
- material hauling; and
- mine reclamation and tailings pond construction.

In addition, we provide site development services for plants and refineries, including in situ oil sands facilities.

We maintain our large diversified fleet of heavy equipment and ancillary equipment from our three significant maintenance and repair centers, two based in Fort McMurray, Alberta on our customer's mine sites and one based near Edmonton, Alberta. In addition, we operate running maintenance and repair facilities at each of our customer's oil sands mine sites.

We believe our competitive strengths are as follows:

- leading market position in contract mining services;
- large, well-maintained equipment fleet;
- broad mining service offering across a project's lifecycle;
- long-term customer relationships; and
- operational flexibility.

For a complete discussion of our competitive strengths, see the "Business Overview - Competitive Strengths" section of our Annual Information Form ("AIF"), which section is expressly incorporated by reference into this MD&A.

Revenue by Source and End Market

Our revenue is generated from two main sources:

- operations support services; and
- construction services.

Our revenue is generated from two main end markets:

- Canadian oil sands; and
- industrial construction.

For a discussion on our revenue by source and end market see the "Our Business - Revenue by Source and End Market" section of our most recent AIF, which section is expressly incorporated by reference into this MD&A.

Our Strategy

Our strategy is to be an integrated service provider of choice for the developers and operators of resource-based industries in a broad and often challenging range of environments. For a discussion on how we will implement our strategy see the "Our Strategy" section of our most recent AIF, which section is expressly incorporated by reference into this MD&A.

D. FINANCIAL RESULTS

Summary of Consolidated Annual Results

(dollars in thousands, except per share amounts)	Year Ended December 31, 2013	2012	2011	2013 vs 2012 Change	2013 vs 2011 Change
Revenue	$ 470,484	$ 595,422	$ 636,101	$ (124,938)	$ (165,617)
Project costs	180,348	278,266	295,724	(97,918)	(115,376)
Equipment costs	184,931	204,475	223,860	(19,544)	(38,929)
Equipment operating lease expense	22,975	43,286	63,705	(20,311)	(40,730)
Depreciation	36,491	45,365	36,519	(8,874)	(28)
Gross profit	45,739	24,030	16,293	21,709	29,446
Gross profit margin	9.7 %	4.0 %	2.6 %	5.7%	7.2%
Select financial information:					
General and administrative expenses (excluding stock-based compensation)	33,708	42,049	42,294	(8,341)	(8,586)
Stock-based compensation expense (benefit)	6,193	530	(806)	5,663	6,999
Operating loss	(2,683)	(23,136)	(31,574)	20,453	28,891
Interest expense	21,697	23,540	21,537	(1,843)	160
Net loss from continuing operations	(18,047)	(32,496)	(35,508)	14,449	17,461
Net loss margin from continuing operations	(3.8)%	(5.5)%	(5.6)%	1.6%	1.7%
Net Income from discontinued operations	87,231	18,823	771	68,408	86,460
Net income (loss)	**69,184**	**(13,673)**	**(34,737)**	**82,857**	**103,921**
EBITDA from continuing operations [1]	$ 37,315	$ 29,813	$ 11,398	$ 7,502	$ 25,917
Consolidated EBITDA from continuing operations	$ 43,466	$ 28,071	$ 55,518	$ 15,395	$ (12,052)
Consolidated EBITDA margin from continuing operations	9.2 %	4.7 %	8.7 %	4.5%	0.5%
Consolidated EBITDA from discontinued operations	$ 9,577	$ 39,746	$ 17,812	$ (30,169)	$ (8,235)
Consolidated EBITDA[1] (as defined within the credit agreement)	**$ 53,043**	**$ 67,817**	**$ 73,330**	**$ (14,774)**	**$ (20,287)**
Per share information					
Net income (loss) - Basic	$ 1.91	$ (0.38)	$ (0.96)	$ 2.29	$ 2.87
Net income (loss) - Diluted	$ 1.89	$ (0.38)	$ (0.96)	$ 2.27	$ 2.85

(1) A reconciliation of continuing operations net loss to EBITDA and Consolidated EBITDA is as follows:

(dollars in thousands)	Year Ended December 31, 2013	2012	2011
Net loss from continuing operations	$ (18,047)	$ (32,496)	$ (35,508)
Adjustments:			
Interest expense, net	21,697	23,540	21,537
Income tax benefit	(6,102)	(10,282)	(14,779)
Depreciation	36,491	45,365	36,519
Amortization of intangible assets	3,276	3,686	3,629
EBITDA from continuing operations	$ 37,315	$ 29,813	$ 11,398
Adjustments:			
Unrealized gain on derivative financial instruments	(6,551)	(4,017)	(2,925)
Loss on disposal of property, plant and equipment	3,033	1,837	1,221
Loss (gain) on disposal of assets held for sale	2,212	(90)	(479)
Stock-based compensation expense	981	1,374	1,770
Equity in (earnings) loss of unconsolidated joint venture	—	(846)	2,008
Loss on debt extinguishment	6,476	—	—
Revenue write-down on Canadian Natural project	—	—	42,525
Consolidated EBITDA from continuing operations	$ 43,466	$ 28,071	$ 55,518
Consolidated EBITDA from discontinued operations	$ 9,577	$ 39,746	$ 17,812
Consolidated EBITDA	$ 53,043	$ 67,817	$ 73,330

Analysis of Annual Results from Continuing Operations

On July 12, 2013 we sold our Canadian based Piling assets and liabilities and our US based Cyntech US legal entity (as discussed in "Significant Business Events - Divestiture of Piling Related Assets and Liabilities" in this MD&A). On November 22, 2012 we sold our Pipeline related assets and exited the pipeline construction, integrity and maintenance business. Under US GAAP we have classified the current and prior period results from our piling and pipeline related operations as "Results from discontinued operations" and excluded these results from our presentation and discussion of results from continuing operations.

Revenue

For the year ended December 31, 2013, revenue was $470.5 million, down from $595.4 million for the year ended December 31, 2012. The decrease from 2012 reflects lower reclamation and heavy civil construction volumes, with the reduction in reclamation work at Base Plant, Jackpine and Muskeg River mines and the 2012 completion of heavy civil construction at the Jackpine and Muskeg River mines. Heavy civil construction work performed at the Mildred Lake Mine Relocation ("MLMR") project partially offset these lower volumes. Work performed in constructing a mechanically stabilized earth ("MSE") wall on the same MLMR project wrapped up in the first part of 2013.

The start-up of mine services work at the Kearl mine, under a new master services agreement ("MSA") lessened the effect of a reduction in tailings and environmental construction related projects at the Millennium mine, the completion of earthworks activity at the Canadian Co-Op Refinery ("CCRL") in Saskatchewan earlier this year and the 2012 completion of earthworks activity on the Dover steam assisted gravity drainage ("SAGD") project. The construction work at the Mt. Milligan Copper / Gold project in British Columbia was also completed in 2012. Overburden removal volumes at the Horizon mine remained consistent, year-over-year, while the small drop in site development work at the Joslyn mine was partially offset by the early stages of site preparation work at the Fort Hills mine.

For the year ended December 31, 2013, revenue was down from $636.1 million for the year ended December 31, 2011. The decrease in revenue primarily reflects the increased focus on cost containment by oil sands producers in response to the widening of the price differential between Alberta crude oil and both the West Texas Intermediate (WTI) crude oil and Brent crude oil. Cost control initiatives included activities such as the re-engineering of mine plans, to either reduce or eliminate operational costs, the reduction in the amount of outsourced mine support activities and the re-assessment of capital project spending. The actions of the Alberta oil producers led to a significant reduction of mine services, reclamation and heavy civil construction work from 2011 levels. Overburden removal volumes were also lower at the Base Plant and Millennium mines due to the reduced demand. Adding to the decline in revenue was the completion of 2011 earthworks projects at CCRL in Saskatchewan, the Blackgold mine, in Conklin Alberta, the Kearl mine and the Kirby SAGD project. Partially offsetting the reduced volumes was the heavy civil construction work performed on the MLMR project, the start-up of site development work at the Joslyn mine and mine support services at the Kearl mine.

In 2011, overburden removal revenue at the Horizon mine was negatively affected by a $42.5 million write-down to our long-term overburden removal contract with Canadian Natural (the "Canadian Natural write-down") in the first quarter of that year and the suspension of our overburden removal activities on May 18, 2011 for the balance of the year as repairs were required on the mine's primary upgrading facility, damaged by a January 2011 fire.

Gross profit

For the year ended December 31, 2013, gross profit was $45.7 million or 9.7% of revenue, up from $24.0 million or 4.0% of revenue in the previous year. The increase in gross profit and margin from 2012 primarily reflects the $20.3 million reduction in operating lease costs as a result of the refinancing of a portion of these leases to capital leases. Project margin improvements on the MLMR heavy civil construction project and the Joslyn mine site development work, as a result of the execution of previously unsigned change-orders, the benefits realized from equipment cost savings initiatives and a reduction in the use of rental equipment helped to offset the effect of lower equipment utilization on gross profit.

For the year ended December 31, 2013, gross profit was up from $16.3 million (2.6% of revenue) in the year ended December 31, 2011. Gross profit in 2011 was negatively affected by the $42.5 million Canadian Natural write-down. Excluding the Canadian Natural write-down, 2011 adjusted gross profit would have been $58.8 million (8.7% of adjusted revenue). Operating lease costs in 2013 were $40.7 million lower than 2011 as a result of the refinancing of a portion of these leases as capital leases, the sale of under-utilized leased assets and the early purchase of leased contract assets by Canadian Natural. The reduction from the adjusted 2011 gross profit was driven by the significant reduction in volumes across the oil sands in 2012. This negative effect on profits was partially offset by a

return to profitability at the Horizon mine, as a result of contract amendments executed in 2012, the execution of unsigned change orders on the MLMR project, the completion of a 2011 low margin earthworks project, the benefits realized from our equipment cost savings initiative and a reduction in the use of rental equipment.

Depreciation for the year ended December 31, 2013 was $36.5 million (7.8% of revenue) down from $45.4 million (7.6% of revenue) for the year ended December 31, 2012 and equivalent to $36.5 million (5.7% of revenue) for the year ended December 31, 2011. We recorded a $3.4 million asset impairment charge to depreciation in the current year, specific to the impairment of certain older pieces of equipment in our fleet that were under-performing compared to our targeted reliability levels. This compares to the recording of a $10.1 million impairment charge to depreciation in the year ended December 31, 2012, specific to an older fleet of under-performing trucks and a $1.0 million impairment charge recorded in the year ended December 31, 2011.

Operating loss

For the year ended December 31, 2013, operating loss was $2.7 million, compared to an operating loss of $23.1 million during the year ended December 31, 2012. G&A expense (excluding stock based compensation expense) was $33.7 million for the year ended December 31, 2013, down from $42.0 million in the year ended December 31, 2012. The reduced spending was primarily driven by lower employee costs, under our simplified business structure, partially offset by a $3.8 million increase in short-term incentive plan costs. We recorded a $0.8 million severance charge in the current year related to two separate business reorganizations. In contrast, we recorded a $2.9 million severance charge in 2012 related to a business reorganization executed that year. Stock based compensation expense increased $5.7 million over 2012, as a result of the revaluation of stock based compensation liabilities due to increases in our share price.

For the year ended December 31, 2013 we recorded $5.2 million of losses on the disposal of property, plant and equipment ("PP&E") and assets held for sale as we disposed of certain pieces of our heavy equipment fleet that had passed its useful life. In addition we recorded $3.3 million of amortization of intangible assets. For the year ended December 31, 2012, we recorded $1.7 million of net losses on the disposal of PP&E and assets held for sale as we disposed of certain pieces of our heavy equipment fleet that had passed their useful life. In addition we recorded $3.7 million of amortization of intangible assets.

The operating loss for 2013 was an improvement over the $31.6 million operating loss for the year ended December 31, 2011. Current year G&A expense (excluding stock based compensation) was down from $42.3 million for the year ended December 31, 2011, driven by lower employee costs, partially offset by a $3.3 million increase in short-term incentive plan costs. There were no severance charges related to business reorganizations in 2011. The current year stock based compensation expense was $7.0 million higher than the 2011 expense reflecting the impacts of a higher share price.

For the year ended December 31, 2011, we recorded $0.7 million of net losses on the disposal of PP&E and assets held for sale as we disposed of certain pieces of our heavy equipment fleet that had passed their useful life. In addition we recorded $3.6 million of amortization of intangible assets.

Net loss from continuing operations

	Year Ended December 31,		
	2013	2012	2011
Per share information - continuing operations			
Net loss - Basic	$ (0.50)	$ (0.90)	$ (0.98)
Net loss - Diluted	$ (0.50)	$ (0.90)	$ (0.98)

For the year ended December 31, 2013, we recorded a loss of $18.0 million (basic and diluted loss per share of $0.50), compared to a net loss of $32.5 million (basic and diluted loss per share of $0.90) and a net loss of $35.5 million (basic and diluted loss per share of $0.98) for the years ended December 31, 2012 and 2011, respectively. Non-cash items, non-recurring items affecting net income in the years ended December 31, 2013 and December 31, 2012 includes non-cash gains on embedded derivatives. The non-cash, non-recurring item benefitting the results for the year ended December 31, 2011 included the reversal of the embedded derivative in the Canadian Natural contract, resulting from changes to the pricing structure of the contract. This impact was partially offset by unrealized losses on embedded derivatives in certain long-term supplier contracts. Included in the loss for the year ended December 31, 2011 was the $42.5 million revenue write-down ($31.8 million after tax loss) related to the Canadian Natural contract. Excluding non-cash items in the current and prior-year periods, net loss would have been $22.9 million (basic and diluted loss per share of $0.64) for the year ended December 31, 2013 compared to a net loss of $35.5 million (basic and diluted loss per share of $0.98) and net loss of $5.2 million (basic and diluted loss per share of $0.14) for the respective prior year periods.

Summary of Consolidated Three Month Results

	Three Months Ended December 31,		
(dollars in thousands, except per share amounts)	2013	2012	Change
Revenue	$ 108,914	$ 116,815	$ (7,901)
Project costs	40,476	51,248	(10,772)
Equipment costs	39,703	39,301	402
Equipment operating lease expense	4,296	7,495	(3,199)
Depreciation	7,638	9,014	(1,376)
Gross profit	16,801	9,757	7,044
Gross profit margin	15.4%	8.4 %	7.1%
Select financial information:			
General and administrative expenses (excluding stock-based compensation)	7,973	8,863	(890)
Stock-based compensation expense	1,644	1,325	319
Operating income (loss)	**5,559**	**(1,731)**	**7,290**
Interest expense	3,220	5,861	(2,641)
Net income (loss) from continuing operations	5,498	(4,869)	10,367
Net income (loss) margin from continuing operations	5.0%	(4.2)%	9.2%
Net Income from discontinued operations	36	9,489	(9,453)
Net Income	**5,534**	**4,620**	**914**
EBITDA from continuing operations[(1)]	$ 18,515	$ 8,819	$ 9,696
Consolidated EBITDA from continuing operations	$ 15,063	$ 8,964	$ 6,099
Consolidated EBITDA margin from continuing operations	13.8%	7.7 %	6.2%
Consolidated EBITDA from discontinued operations	$ (323)	$ 16,340	$ (16,663)
Consolidated EBITDA[(1)](as defined within the credit agreement)	**$ 14,740**	**$ 25,304**	**$ (10,564)**
Per share information			
Net income - Basic	$ 0.15	$ 0.13	$ 0.02
Net income - Diluted	$ 0.15	$ 0.13	$ 0.02

(1) A reconciliation of continuing operations net income (loss) to EBITDA and Consolidated EBITDA is as follows:

	Three Months Ended December 31,	
(dollars in thousands)	2013	2012
Net income (loss) from continuing operations	$ 5,498	$ (4,869)
Adjustments:		
Interest expense	3,220	5,861
Income tax (benefit)	1,403	(2,067)
Depreciation	7,638	9,014
Amortization of intangible assets	756	880
EBITDA from continuing operations	$ 18,515	$ 8,819
Adjustments:		
Unrealized gain on derivative financial instruments	(4,528)	(677)
Loss (gain) on disposal of property, plant and equipment	784	430
Loss (gain) on disposal of assets held for sale	85	(10)
Stock-based compensation expense	207	402
Consolidated EBITDA from continuing operations	$ 15,063	$ 8,964
Consolidated EBITDA from discontinued operations	$ (323)	$ 16,340
Consolidated EBITDA	$ 14,740	$ 25,304

Analysis of Three Month Results from Continuing Operations

As discussed in "Financial Results - Analysis of Annual Results from Continuing Operations" in this MD&A, under US GAAP we have classified the current and prior period results from our piling and pipeline related operations as "Results from discontinued operations" and excluded these results from our presentation and discussion of results from continuing operations.

Revenue

For the three months ended December 31, 2013, consolidated revenue was $108.9 million, down from $116.8 million in the same period last year. The change reflects lower volumes of reclamation work and haul road construction at the Millennium mine, partially offset by an increase in site development activity at the Joslyn mine and heavy civil construction activity for the MLMR project at the Base Plant mine. The start-up of mine support services activity earlier this year at the Kearl mine and early site development activities at the Fort Hills mine

replaced 2012 projects completed earlier this year, including the MSE wall for the MLMR project, the construction project at the Mt. Milligan Copper/Gold mine in British Columbia and underground construction projects at the Quest carbon capture facility in Fort Saskatchewan, Alberta and the CCRL refinery in Saskatchewan.

Gross profit

For the three months ended December 31, 2013, gross profit was $16.8 million or 15.4% of revenue, up from a gross profit of $9.8 million or 8.4% of revenue during the same period last year. Margin improvements on two longer-term projects, as a result of the execution of change orders in the quarter, strong performance on a haul road project and the benefit of equipment cost efficiencies led to improved gross profit in the quarter and more than offset the effect of lower volumes. Contributing to the gross profit improvement for the quarter was a reduction in equipment operating lease expense to $4.3 million from $7.5 million in the same period last year, as a result of the refinancing of operating leases earlier in the year.

Operating income (loss)

For the three months ended December 31, 2013, operating income was $5.6 million, compared to an operating loss of $1.7 million during the same period last year. G&A expense (excluding stock based compensation expense) was $8.0 million for the three months ended December 31, 2013, down from $8.9 million in the same period last year, reflecting benefits from our business restructuring activities partially offset by an $0.8 million business restructuring charge recorded in the quarter. Stock based compensation expense increased by $0.3 million compared to 2012, reflecting the revaluation of our liability related to fluctuations in our share price.

For the three months ended December 31, 2013, we recorded $0.9 million of losses on the disposal of PP&E and assets held for sale compared to $0.4 million in the previous period. Amortization of intangible assets was similar for the two periods.

Net income (loss) from continuing operations

	Three Months Ended December 31,	
	2013	2012
Per share information - continuing operations		
Net income (loss) - Basic	$ 0.15	$ (0.13)
Net income (loss) - Diluted	$ 0.15	$ (0.13)

For the three months ended December 31, 2013, net income from continuing operations was $5.5 million (basic and diluted income per share of $0.15), compared to a net loss of $4.9 million (basic and diluted loss per share of $0.13) during the same period last year. Non-cash, non-recurring items affecting net income in both the current and prior periods included non-cash gains on embedded derivatives. Excluding these non-cash items in the current and prior-year periods, net income would have been $2.1 million (basic and diluted income per share of $0.06) compared to a net loss of $5.4 million (basic and diluted loss per share of $0.15) during the comparable prior year period.

Non-Operating Income and Expense for Continuing Operations

	Three Months Ended December 31,		Year Ended December 31,		
(dollars in thousands)	2013	2012	2013	2012	2011
Interest expense					
Long term debt					
Interest on Series 1 Debentures	$ 1,711	$ 3,631	$ 12,507	$ 15,208	$ 15,054
Interest on credit facilities	260	932	2,424	4,759	4,203
Interest on capital lease obligations	686	888	2,716	1,326	462
Amortization of deferred financing costs	588	422	4,326	1,623	1,564
Interest on long term debt	$ 3,245	$ 5,873	$ 21,973	$ 22,916	$ 21,283
Other interest	(25)	(12)	(276)	624	254
Total Interest expense	$ 3,220	$ 5,861	$ 21,697	$ 23,540	$ 21,537
Foreign exchange (gain) loss	(34)	21	(156)	119	101
Unrealized (gain) loss on derivative financial instruments					
Unrealized gain on embedded price escalation features in a long term customer construction contract	—	—	—	—	(6,156)
Unrealized (gain) loss on embedded price escalation features in certain long term supplier contracts	(4,528)	(677)	(6,551)	(4,017)	3,231
Total unrealized gain on derivative financial instruments	$ (4,528)	$ (677)	$ (6,551)	$ (4,017)	$ (2,925)
Loss on debt extinguishment	—	—	6,476	—	—
Income tax expense (benefit)	1,403	(2,067)	(6,102)	(10,282)	(14,779)

Interest expense

In the three months ended December 31, 2013, total interest expense was $3.2 million, down from $5.9 million in the previous year. This reduction reflects the benefits from the debt restructuring in 2013 which included the partial redemption of our Series 1 Debentures and the repayment of our term facilities drawn under our previous credit agreement, earlier this year. During the quarter, we wrote off $0.3 million in deferred financing costs related to the expiration of the previous credit facility.

In the year ended December 31, 2013, total interest expense was $21.7 million, down from the $23.5 million and up from $21.5 million in interest expense for the years ended December 31, 2012 and December 31, 2011, respectively. The current year interest expense includes the write-off of $3.1 in deferred financing costs for both the partial retirement of our Series 1 Debentures and the expiration of the previous credit facility. Excluding the write-off, the reduction in interest expense from that of the previous two years reflects the benefits from the debt restructuring in 2013 which included the partial redemption of our Series 1 Debentures and the repayment of our term facilities drawn under our previous credit agreement. The interest savings from the debt restructuring was partially offset by an increase in interest on capital lease obligations, a result of the refinancing of operating leases to capital leases during both 2013 and 2012.

A more detailed discussion on our Series 1 Debentures, our credit facilities and our debt restructuring can be found under "Significant Business Events - Debt and Equity Restructuring" and "Securities, Rights Plans and Agreements".

Foreign exchange (gain) loss

The foreign exchange gains and losses recognized in the current and prior year periods relate primarily to the effect of changes in the exchange rate of the Canadian dollar against the US dollar on purchases of equipment parts. A more detailed discussion about our foreign currency risk can be found under “Risk Factors - Quantitative and Qualitative Disclosures about Market Risk”.

Unrealized (gain) loss on derivative financial instruments

The unrealized gains on derivative financial instruments for the three months and year ended December 31, 2013 reflect the elimination of the embedded derivatives in long-term supplier contracts which resulted in a final reversal of the embedded derivative liability. Prior year period gains and losses largely reflect the change in fair value of the embedded derivative and the draw-down of remaining commitments in the contracts. Included in the embedded derivative valuation was the impact of fluctuations in provisions that require a price adjustment to reflect changes in the Canadian/US dollar exchange rate and the United States government published Producers' Price Index (US-PPI) for Mining Machinery and Equipment from the original contract amount.

During the year ended December 31, 2011, we signed an amendment with Canadian Natural on the long-term overburden removal contract which eliminated a provision in the original contract that required adjustments to customer billings to reflect changes in exchange rates and price indices. This effectively eliminated an embedded derivative from the contract, leading to the reversal of the associated embedded derivate liability.

The measurement of embedded derivatives, as required by GAAP, caused our reported net income to fluctuate as Canadian/US dollar exchange rates, interest rates and the US-PPI for Mining Machinery and Equipment change. The accounting for these derivatives had no impact on operations, Consolidated EBITDA (as defined within our credit agreement) or how we evaluated operating performance.

Loss on debt extinguishment

On August 22, 2013, we redeemed $141.9 million of aggregate principal amount of notes as part of our debt restructuring and recorded a loss of $6.5 million related to the transaction.

A more detailed discussion on the partial retirement of our Series 1 Debentures can be found under "Significant Business Events - Debt and Equity Restructuring".

Income tax expense (benefit)

For the three months ended December 31, 2013, we recorded a current income tax benefit of $0.2 million and a deferred income tax expense of $1.6 million, for a total income tax expense of $1.4 million. This compares to a combined income tax benefit of $2.1 million for the same period last year. For the year ended December 31, 2013, we recorded a current income tax benefit of $2.4 million and a deferred income tax benefit of $3.7 million for a total income tax benefit of $6.1 million. This compares to a combined income tax expense of $1.0 million for the same period last year and a combined income tax benefit of $10.3 million for the year ended December 31, 2011.

For the three months and year ended December 31, 2013, income tax expense as a percentage of income before income taxes differed from the statutory rate of 25.26%. This difference is primarily due to permanent differences resulting from stock based compensation expens e. For the three months and year ended December 31, 2012, income tax expense as a percentage of income before income taxes differed from the statutory rate of 25.12% primarily due to the effect of permanent tax differences and prior year tax adjustments. For the year ended December 31, 2011, income tax expense as a percentage of income before income taxes differed from the statutory rate of 26.25%, largely due to the same factors affecting the year ended December 31, 2012.

NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS

	Three months ended December 31,		Year ended December 31,		
(dollars in thousands, except per share amounts)	2013	2012	2013	2012	2011
Net income from discontinued operations					
Piling net income	$ 36	$ 8,154	$ 88,371	$ 26,457	$ 6,963
Pipeline net income (loss)	—	1,335	(1,140)	(7,634)	(6,192)
	$ 36	**$ 9,489**	**$ 87,231**	**$ 18,823**	**$ 771**
Per share information					
Net income - Basic	$ —	$ 0.26	$ 2.41	$ 0.52	$ 0.02
Net income - Diluted	$ —	$ 0.26	$ 2.39	$ 0.52	$ 0.02

Summary of Piling Discontinued Operations Results

The statement of operations for discontinued piling operations is detailed in the table below:

	Three months ended, December 31,		Year ended, December 31,		
(dollars in thousands, except per share amounts)	2013	2012	2013	2012	2011
Revenue	$ 1,447	$ 72,283	$ 98,735	$ 242,106	$ 154,680
Project costs	1,644	54,098	79,472	178,970	117,158
Equipment costs	—	—	—	—	—
Equipment operating lease expense	—	578	1,242	2,315	2,004
Depreciation	—	974	706	3,706	3,323
Gross profit	$ (197)	$ 16,633	$ 17,315	$ 57,115	$ 32,195
General and administrative expenses	126	3,142	6,857	12,518	11,177
Amortization of intangible assets	—	352	351	1,410	2,121
Gain on disposal of piling assets and liabilities	(719)	—	(98,065)	—	—
Operating income	$ 396	$ 13,139	$ 108,172	$ 43,187	$ 18,897
Interest expense	—	2,198	4,758	7,557	7,222
Income before income taxes	$ 396	$ 10,941	$ 103,414	$ 35,630	$ 11,675
Current income tax expense	164	—	164	—	—
Deferred income tax expense	196	2,787	14,879	9,173	4,712
Net income from discontinued operations	**$ 36**	**$ 8,154**	**$ 88,371**	**$ 26,457**	**$ 6,963**
Basic net income per share	**$ —**	**$ 0.22**	**$ 2.44**	**$ 0.73**	**$ 0.19**
Diluted net income per share	**$ —**	**$ 0.22**	**$ 2.41**	**$ 0.73**	**$ 0.19**

Interest expense recorded for discontinued piling operations for all three years represents the interest on the Term A Facility balance that was repaid from the net proceeds of the piling asset sales. Other interest expense that is not directly attributable to or related to piling operations has been allocated based on a ratio of net assets to be sold to total consolidated net assets.

Summary of Pipeline Discontinued Operations Results

The statement of operations for discontinued pipeline operations is detailed in the table below:

	Three months ended December 31,		Year ended December 31,		
(dollars in thousands, except per share amounts)	2013	2012	2013	2012	2011
Revenue	$ —	$ 13,488	$ —	$ 84,399	$ 107,785
Project costs	—	13,291	1,321	93,442	112,845
Depreciation	—	10	—	556	780
Gross loss	$ —	$ 187	$ (1,321)	$ (9,599)	$ (5,840)
General and administrative expenses	—	85	312	1,277	1,469
(Gain) loss on disposal of property, plant and equipment	—	(438)	63	(438)	—
Recovery of previously expensed tools, supplies and equipment parts	—	(1,095)	—	(1,095)	—
Gain on sale of inventory	—	(668)	(46)	(668)	—
Operating gain (loss)	$ —	$ 2,303	$ (1,650)	$ (8,675)	$ (7,309)
Interest expense	—	233	—	962	1,050
Loss before income taxes	$ —	$ 2,070	$ (1,650)	$ (9,637)	$ (8,359)
Deferred income tax expense (benefit)	—	735	(510)	(2,003)	(2,167)
Net gain (loss) from discontinued operations	**$ —**	**$ 1,335**	**$ (1,140)**	**$ (7,634)**	**$ (6,192)**
Net gain (loss) per share from discontinued operations (basic and diluted)	**$ —**	**$ 0.04**	**$ (0.03)**	**$ (0.21)**	**$ (0.17)**

Interest expense recorded for discontinued pipeline operations for the previous period represents the interest on the Term B Facility balance that was repaid from the net proceeds of the pipeline asset sales.

Consolidated EBITDA from discontinued operations

A reconciliation from net income from discontinued operations to EBITDA and Consolidated EBITDA from discontinued operations is as follows:

	Three months ended December 31,		Year ended December 31,		
(dollars in thousands)	2013	2012	2013	2012	2011
Net income	$ 36	$ 9,489	$ 87,231	$ 18,823	$ 771
Adjustments:					
Interest expense	—	2,431	4,758	8,519	8,272
Income tax expense	360	3,522	14,533	7,170	2,545
Depreciation	—	984	706	4,262	4,103
Amortization of intangible assets	—	352	351	1,410	2,121
EBITDA from discontinued operations	$ 396	$ 16,778	$ 107,579	$ 40,184	$ 17,812
Adjustments:					
(Gain) loss on disposal of property, plant and equipment	—	(438)	63	(438)	—
Gain on disposal of assets and liabilities held for sale	(719)	—	(98,065)	—	—
Consolidated EBITDA from discontinued operations	$ (323)	$ 16,340	$ 9,577	$ 39,746	$ 17,812

Summary of Consolidated Cash Flows from Continuing Operations

Consolidated cash flows from continuing operations are summarized in the table below:

	Three months ended December 31,		Year ended December 31,		
(dollars in thousands)	2013	2012	2013	2012	2011
Cash provided by operating activities	$ 28,202	$ 2,334	$ 57,488	$ 87,175	$ 18,369
Cash used in investing activities	(4,789)	(8,169)	(27,093)	(45,479)	(33,594)
Cash (used in) provided by financing activities	(16,759)	(17,124)	(246,148)	(45,610)	23,301
Net (decrease) increase in cash from continuing operations	**$ 6,654**	**$ (22,959)**	**$ (215,753)**	**$ (3,914)**	**$ 8,076**

Operating activities

For the three months ended December 31, 2013, cash provided by operating activities was $28.2 million, up from $2.3 million in cash provided for the three months ended December 31, 2012, primary as a result of increased net income and increased cash from non-cash net working capital.

For the year ended December 31, 2013, cash provided by operating activities was $57.5 million, down from $87.2 million in cash provided during the year ended December 31, 2012 and up from $18.4 million in cash provided during the year ended December 31, 2011. Current year cash provided by operating activities benefited from a lower net loss, combined with a $25.5 million contribution from non-cash net working capital. Activity in the year ended December 31, 2012 benefitted from the $38.4 million decrease in non-cash net working capital, from the Canadian Natural settlement of past work price escalators and change-orders, offsetting the low gross profit in the period. The growth in non-cash working capital on this same contract along with low gross profit negatively affected cash provided by operating activities in the year ended December 31, 2011.

Investing activities

For the three months ended December 31, 2013, cash used in investing activities was $4.8 million, down from $8.2 million in cash used for the same period a year ago. Current period investing activities included $6.3 million for the purchase of PP&E and intangible assets, partially offset by cash inflows of $1.5 million in proceeds on the disposal of PP&E and assets held for sale. Prior year investing activities of $8.2 million included $10.1 million for the purchase of PP&E and intangible assets partially offset by $1.9 million in proceeds on the disposal of property, plant and equipment and assets held for sale.

For the year ended December 31, 2013, cash used in investing activities was $27.1 million, down from $45.5 million in cash used in the year ended December 31, 2012 and $33.6 million in cash used during the year ended December 31, 2011. Current period investing activities included $34.2 million for the purchase of PP&E and intangible assets, partially offset by cash inflows of $7.1 million in proceeds on the disposal of PP&E and assets held for sale. Prior year investing activities of $45.5 million included the $58.4 million purchase of PP&E and intangible assets partially offset by $10.7 million in proceeds on the disposal of PP&E and assets held for sale and $2.2 million in proceeds on the wind-up of unconsolidated joint ventures. Cash used in investing activities during the year ended December 31, 2011 included $34.8 million for the purchase of PP&E and intangible assets partially offset by $1.2 million in proceeds on the disposal of PP&E and assets held for sale.

Financing activities

For the three months ended December 31, 2013, cash used in financing activities was $16.8 million, down from $17.1 million in cash used for the three months ended December 31, 2012. Current three month financing activity included $2.2 million in financing costs, $11.7 million for the Share Purchase Program and a $3.6 million repayment of capital lease obligations. Cash used in financing activities for the three-month period ended December 31, 2012 was $17.1 million resulting from a net decrease in the credit facilities of $12.5 million and $4.7 million repayment of capital lease obligations.

For the year ended December 31, 2013, cash used in financing activities was $246.1 million, compared to the $45.6 million of cash used in financing activities during the year ended December 31, 2012 and the $23.3 million of cash provided by financing activities for the year ended December 31, 2011. The current year outflow was primarily a result of the redemption of $156.5 million in Series 1 Debentures and a net repayment towards our credit facilities of $62.3 million, funded with net proceeds of the Piling sale. Also contributing towards the cash movement in the current year was $11.7 million for the Share Purchase Program and a $14.0 million repayment of capital lease obligation. Cash provided by financing activities of $45.6 million and $23.3 million for the years ended December 31, 2012 and December 31, 2011, reflects scheduled and unscheduled repayments on our Term Facilities and repayment of capital lease obligations, partially offset by cash drawn from our Revolving Facility.

NOA

Summary of Consolidated Nine Month Results

(dollars in thousands, except per share amounts)	Nine months ended, December 31, 2013	2012	Change
Revenue	$ 340,203	$ 414,328	$ (74,125)
Project costs	128,564	192,660	(64,096)
Equipment costs	133,932	142,844	(8,912)
Equipment operating lease expense	16,561	28,309	(11,748)
Depreciation	24,353	25,584	(1,231)
Gross profit	36,793	24,931	11,862
Gross profit margin	10.8 %	6.0 %	4.8%
Select financial information:			
General and administrative expenses (excluding stock based compensation)	23,581	30,338	(6,757)
Stock based compensation expense	3,783	1,209	2,574
Operating income (loss)	**3,811**	**(9,537)**	**13,348**
Interest expense	15,808	17,850	(2,042)
Net loss from continuing operations	(8,819)	(19,085)	10,266
Net loss margin from continuing operations	(2.6)%	(4.6)%	2.0%
Net Income from discontinued operations	82,670	22,289	60,381
Net income	**73,851**	**3,204**	**70,647**
EBITDA from continuing operations [1]	$ 30,614	$ 21,305	$ 9,309
Consolidated EBITDA from continuing operations	$ 34,518	$ 19,830	$ 14,688
Consolidated EBITDA margin from continuing operations	10.1 %	4.8 %	5.4%
Consolidated EBITDA from discontinued operations	$ 529	$ 40,427	$ (39,898)
Consolidated EBITDA[1] (as defined within the credit agreement)	**$ 35,047**	**$ 60,257**	**$ (25,210)**
Per share information			
Net income - Basic	$ 2.04	$ 0.09	$ 1.95
Net income - Diluted	$ 2.01	$ 0.09	$ 1.92

(1) A reconciliation of continuing operations net loss to EBITDA and Consolidated EBITDA is as follows:

(dollars in thousands)	Nine months ended December 31, 2013	2012
Net loss from continuing operations	$ (8,819)	$ (19,085)
Adjustments:	—	
Interest expense	15,808	17,850
Income tax benefit	(3,110)	(5,844)
Depreciation	24,353	25,584
Amortization of intangible assets	2,382	2,800
EBITDA from continuing operations	$ 30,614	$ 21,305
Adjustments:	—	
Unrealized gain on derivative financial instruments	(6,441)	(2,595)
Loss on disposal of property, plant and equipment	1,205	797
Loss (gain) on disposal of assets held for sale	2,031	(80)
Stock-based compensation expense	633	999
Equity in earnings of unconsolidated joint venture	—	(596)
Loss on debt extinguishment	6,476	—
Consolidated EBITDA from continuing operations	$ 34,518	$ 19,830
Consolidated EBITDA from discontinued operations	$ 529	$ 40,427
Consolidated EBITDA	$ 35,047	$ 60,257

NOA

Nine Month Non-operating Income and Expenses for Continuing Operations

	Nine Months Ended December 31,	
(dollars in thousands)	2013	2012
Interest expense		
Long term debt		
Interest on Series 1 Debentures	$ 8,674	$ 11,397
Interest on credit facilities	1,416	3,406
Interest on capital lease obligations	2,020	1,229
Amortization of deferred financing costs	3,949	1,230
Interest on long term debt	$ 16,059	$ 17,262
Other interest	(251)	588
Total Interest expense	$ 15,808	$ 17,850
Foreign exchange (gain) loss	(103)	137
Unrealized gain on derivative financial instruments	(6,441)	(2,595)
Income tax benefit	(3,110)	(5,844)

Nine Month Net Income from Discontinued Operations

	Nine months ended December 31,			
	Piling		Pipeline	
(dollars in thousands, except per share amounts)	2013	2012	2013	2012
Revenue	$ 51,444	$ 189,191	$ —	$ 39,180
Project costs	46,615	139,757	—	38,048
Equipment operating lease expense	663	1,736	—	—
Depreciation	—	2,886	—	196
Gross profit	$ 4,166	$ 44,812	$ —	$ 936
General and administrative expenses	3,637	9,232	—	934
Amortization of intangible assets	—	1,057	—	—
Gain on disposal of piling assets and liabilities	(98,062)	—	—	—
Loss (gain) on disposal of property, plant and equipment	—	—	—	(438)
Recovery of previously expensed tools, supplies and equipment parts	—	—	—	(1,095)
Gain on sale of inventory	—	—	—	(668)
Operating income	$ 98,591	$ 34,523	$ —	$ 2,203
Interest expense	2,828	5,709	—	700
Income before income taxes	$ 95,763	$ 28,814	$ —	$ 1,503
Current income tax expense	164	—	—	—
Deferred income tax expense	12,929	7,345	—	683
Net income from discontinued operations	**$ 82,670**	**$ 21,469**	**$ —**	**$ 820**
Basic net income per share	**$ 2.28**	**$ 0.59**	**$ —**	**$ 0.02**
Diluted net income per share	**$ 2.25**	**$ 0.59**	**$ —**	**$ 0.02**

Summary of Consolidated Quarterly Results

A number of factors have the potential to contribute to variations in our quarterly financial results between periods, including:

- the timing and size of capital projects undertaken by our customers on large oil sands projects;
- seasonal weather and ground conditions;
- certain types of work that can only be performed during cold, winter conditions when the ground is frozen;
- the timing of equipment maintenance and repairs;
- claims and change-orders;
- the accounting for unrealized non-cash gains and losses related to foreign exchange and derivative financial instruments; and
- the level of borrowing under our Series 1 Debentures and credit facilities and the corresponding interest expense recorded against the outstanding balance of each.

The table, below, summarizes our consolidated results for the preceding eight quarters:

	Three Months Ended							
(dollars in millions, except per share amounts)	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012	Mar 31, 2012
Revenue	**$ 108.9**	**$ 116.2**	**$ 115.0**	**$ 130.3**	**$ 116.8**	**$ 123.5**	**$ 174.0**	**$ 181.1**
Gross profit (loss)	16.8	11.6	8.4	8.9	9.8	8.3	6.9	(0.9)
Operating income (loss)	5.6	0.6	(2.3)	(6.5)	(1.7)	(0.7)	(7.1)	(13.5)
Net loss from continuing operations	5.5	(8.7)	(5.6)	(9.2)	(4.9)	(5.0)	(9.2)	(13.4)
Net income (loss) from discontinued operations	—	82.7	(0.1)	4.6	9.5	8.8	4.0	(3.5)
Net income (loss)	**5.5**	**74.1**	**(5.7)**	**(4.7)**	**4.6**	**3.7**	**(5.1)**	**(16.9)**
Basic net income (loss) per share‡								
From continuing operations	$ 0.15	$ (0.24)	$ (0.16)	$ (0.26)	$ (0.13)	$ (0.14)	$ (0.25)	$ (0.37)
From discontinued operations	$ —	$ 2.28	$ —	$ 0.13	$ 0.26	$ 0.24	$ 0.11	$ (0.10)
Total	$ 0.15	$ 2.04	$ (0.16)	$ (0.13)	$ 0.13	$ 0.10	$ (0.14)	$ (0.47)
Diluted net income (loss) per share‡								
From continuing operations	$ 0.15	$ (0.24)	$ (0.16)	$ (0.26)	$ (0.13)	$ (0.14)	$ (0.25)	$ (0.37)
From discontinued operations	$ —	$ 2.26	$ —	$ 0.13	$ 0.26	$ 0.24	$ 0.11	$ (0.10)
Total	$ 0.15	$ 2.02	$ (0.16)	$ (0.13)	$ 0.13	$ 0.10	$ (0.14)	$ (0.47)

‡ Net income (loss) per share for each quarter has been computed based on the weighted average number of shares issued and outstanding during the respective quarter; therefore, quarterly amounts may not add to the annual total. Per-share calculations are based on full dollar and share amounts.

We generally experience a decline in our mine site support revenue such as reclamation and muskeg removal services during the three months ended June 30 of each year due to seasonality, as weather conditions make performance of this heavy equipment intensive work in the oil sands difficult during this period. The mine support activity levels in the oil sands decline when frost leaves the ground and many secondary roads are rendered temporarily incapable of supporting the weight of heavy equipment. The duration of this period, which can vary considerably from year to year, is referred to as "spring breakup" and has a direct impact on our mine support activity levels. All other events being equal, mine support revenue during the December to March time period of each year is traditionally highest as ground conditions are most favourable in the oil sands.

Delays in the winter freeze, required to perform this type work or an abnormal thaw period during the winter months will reduce overall revenues in the winter period. It should be noted that extreme weather conditions during this period, where temperatures dip below minus 30 degrees Celsius, can have an adverse effect on revenue due to lower equipment performance and reliability. In each of the past two years we have experienced either a late winter freeze of an abnormal winter thaw causing results to deviate from the typical winter pattern. In addition, construction project delays have reduced demand for services typically provided during the three months ended March 31 in each of the past two years.

Overall, full-year results are not likely to be a direct multiple or combination of any one quarter or quarters. In addition to revenue variability, gross margins can be negatively impacted in less active periods because we are likely to incur higher maintenance and repair costs due to our equipment being available for servicing.

Profitability also varies from quarter-to-quarter as a result of claims and change-orders. While claims and change-orders are a normal aspect of the contracting business, they can cause variability in profit margin due to delayed recognition of revenues. For further explanation, see "Claims and Change Orders".

Variations in quarterly results can also be caused by changes in our operating leverage. During periods of higher activity, we have experienced improvements in operating margin. This reflects the impact of relatively fixed costs, such as G&A, being spread over higher revenue levels. If activity decreases, these same fixed costs are spread over lower revenue levels. Both net income and income per share are also subject to financial leverage as provided by fixed interest expense. Events during 2013, which include the reduction of our overhead support costs and the overall reduction of our debt, have changed the impact of these fixed costs as compared to previous years.

Expectation of Future Workload

We have estimated our remaining backlog (a non-GAAP measurement) on our Canadian Natural contract at the Horizon mine at $145.8 million at December 31, 2013, compared to $158.7 million at September 30, 2013, $251.6 million at December 31, 2012 and $484.7 million at December 31, 2011. The reduction in the value of the backlog on this contract from September 30, 2013 reflects work performed under the contract partially offset by additional work awarded under the contract. The customer executed change orders which reduced the scope of equipment related activity required under the amended contract which reduced the backlog on this contract from previous

levels. Additionally, we have approximately $110.8 million of backlog remaining on contracts with other clients. We anticipate performing $202.1 million of our combined backlog within the next twelve months ending December 31, 2014.t

In addition to work with defined scope that forms part of our backlog, many of our contracts are performed under master services agreements with a range of services to be provided under cost-plus and time-and-material contracts where scope is not clearly defined. We work with our customers using cost-plus, time-and-materials, unit-price and lump-sum contracts. Some of our contracts have defined scope which may allow us to estimate future workload based on that defined scope. However the same estimated backlog is subject to future adjustments due to client delays, cancellations or reductions in outsourcing activities.

Given that work under Master Services Agreements ("MSAs") are not usually included in backlog, we believe that the backlog number should be looked at together with current MSAs in place to fully understand the potential for future work. The following are active MSAs and long-term contracts with oil sands clients at their mines in Fort McMurray:

- Base Plant mine:
  - 4-year master services agreement covering mining services and construction
- Millennium and Steep Bank mines:
  - 5-year master services agreement covering mining services and construction
- Joslyn mine:
  - 2-year initial site development contract with significant earthworks still be awarded by client
- Kearl mine:
  - 5-year master services agreement covering civil mine support services
- Horizon mine:
  - 10-year overburden removal contract and master services agreement covering mining services and construction

The mix of work performed under these MSAs varies year-by-year.

For the three months and year ended December 31, 2013, the percentage of total revenue earned from time-and-material contracts performed under our MSAs, which would not have been included as backlog, was approximately 9.9% and 13.0% of total revenue earned, respectively, compared to 20.0% and 21.3% of total revenue earned for the respective three months and year ended December 31, 2012.

In general, we base our expectation of future workload on a combination of factors:

- signed customer contracts with defined scope;
- an estimation of work to be secured under master services agreements based on annual mine plans provided by our customers; and
- an estimation of work to be secured through our bidding process based on annual mine plans and construction plans provided by our customers.

Our expectation of workload in the near-term future is consistent with total activity levels reported for the year ended December 31, 2013. We are actively bidding for work, both in the oil sands and outside the oil sands and we are working closely with our customers to identify how we can meet their heavy construction and mining needs as they develop their mine plans for the coming year.

Claims and Change Orders

Due to the complexity of the projects we undertake, changes often occur after work has commenced. These changes include but are not limited to:

- changes in client requirements, specifications and design;
- changes in materials and work schedules; and
- changes in ground and weather conditions.

Contract change management processes require that we prepare and submit change orders to the client requesting approval of scope and/or price adjustments to the contract. Accounting guidelines require that we consider changes in cost estimates that have occurred up to the release of the financial statements and reflect the impact of these

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changes in the financial statements.

Conversely, potential revenue associated with increases in cost estimates is not included in financial statements until an agreement is reached with a client or specific criteria for the recognition of revenue from claims and unapproved or un-priced change orders are met. This can, and often does, lead to costs being recognized in one period and revenue being recognized in subsequent periods.

Occasionally, disagreements arise regarding changes, their nature, measurement, timing and other characteristics that impact costs and revenue under the contract. If a change becomes a point of dispute between our customer and us, we then consider it to be a claim. Historical claim recoveries should not be considered indicative of future claim recoveries.

For the three months and year ended December 31, 2013, we had approximately $1.0 million and $17.1 million, respectively, in claims revenue recognized to the extent of costs incurred. As at December 31, 2013, we had $13.1 million of unresolved claims and change orders recorded on our balance sheet. This compares to $22.8 million of unresolved claims and change-orders recorded on our balance sheet for the year ended December 31, 2012. We are working with our customers in accordance with the terms of our contracts to come to a resolution on additional amounts, if any, to be paid to us with respect to these additional costs.

Contingent Proceeds

On July 12, 2013 we sold our Canadian based Piling related assets and liabilities and our US based Cyntech US Inc. legal entity to the Keller Group. As part of the sale we may receive up to $92.5 million in additional proceeds, contingent on the Purchaser achieving prescribed profitability thresholds from the assets and liabilities sold.t

The first part of the contingent proceeds of up to $57.5 million may be earned over the next two years based upon the Purchaser achieving annual results ranging between $30.0 million and $45.0 million in Piling Business EBITDA as follows:

- A maximum of $30.0 million cash paid no later than September 30, 2014, with the full amount being paid in the event that the business earns annualized Piling Business EBITDA (“First Year Piling Business EBITDA”) of $45.0 million or more in the period from closing to June 30, 2014. The amount payable will be $2 for every $1 that First Year Piling Business EBITDA is greater than $30.0 million (with the maximum payment of $30.0 million where First Year Piling Business EBITDA is $45.0 million or greater).
- A maximum of $27.5 million cash paid no later than September 30, 2015, with the full amount being paid in the event that the business earns Piling Business EBITDA (“Second Year Piling Business EBITDA”) of $45.0 million or more in the period from July 1, 2014 to June 30, 2015. The amount payable will be $1.833 for every $1 that Second Year Piling Business EBITDA is greater than $30.0 million (with the maximum payment of $27.5 million where Second Year Piling Business EBITDA is $45.0 million or greater).

The remaining contingent proceeds of up to $35.0 million, equal to $0.5 for every $1 by which cumulative Piling Business EBITDA in the period from closing to June 30, 2016 exceeds $135.0 million (with the maximum payment of $35.0 million where Piling Business EBITDA is $205.0 million or greater), will be calculated and paid as follows:

a. no later than September 30, 2014, the Purchaser will pay an amount equal to $0.375 for every $1 by which First Year Piling Business EBITDA exceeds $45.0 million;
b. no later than September 30, 2015, the Purchaser will pay an amount equal to $0.375 for every $1 by which the aggregate of First Year Piling Business EBITDA and Second Year Piling Business EBITDA exceeds $90.0 million, less any monies paid to the vendor under (a) above; and
c. no later than September 30, 2016, the Purchaser will pay an amount equal to $0.5 for every $1 by which the aggregate of First Year Piling Business EBITDA, Second Year Piling Business EBITDA and Piling Business EBITDA for the period from July 1, 2015 to June 30, 2016 exceeds $135.0 million, less any monies paid to the vendor under (a) and (b) above.

The $45.0 million annual Piling Business EBITDA target is comparable to our Consolidated EBITDA level for the year ended March 31, 2013 for the Piling business. The cumulative two year $90.0 million Piling Business EBITDA target and the cumulative three year $135.0 million Piling Business EBITDA target are multiples of such annual Piling Business EBITDA target. We anticipate that the Purchaser will continue to grow the Piling business, resulting in the payment of some or all of these contingent proceeds.t

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These contingent proceeds will be recognized as the Piling Business EBITDA targets are achieved. We have retained the right to verify the Piling Business EBITDA reported by the Purchaser during the period for which the contingent proceeds are being calculated.

E. OUTLOOK

We continue to see delays in oil sands project related spending as our clients evaluate their investment strategies and continue with their cost control efforts. Near horizon demand for our services in the oil sands markets remains challenging and overall activity levels may reflect this environment, however due to our recent balance sheet restructuring efforts and continuing efforts to improve our cost structure, we believe we are well positioned to respond to changing market conditions.[t]

With the completion of the sale of our Piling business on July 12, 2013 and our use of over $175.0 million of the net proceeds to repay the balance of our Term Facility and approximately two thirds of our Series 1 Debentures, we have significantly reduced our overall debt and the associated consumption of cash for interest payments. With the fleet rationalization, performance improvement and restructuring initiatives we have implemented, we are realizing improvements to both profitability and cash flow.

Operations support services revenue are expected to continue to benefit from the ramp up of activity at the Kearl mine under our new five year master services agreement, although slower than first expected and we anticipate comparable activity levels supporting production efforts at the Horizon, Base Plant, Millennium, and Steepbank mines and site development efforts at the Joslyn mine. We welcomed the positive site development decision for the Fort Hills mine and we will strive to enhance our strong working relationship with that client. Construction services activity levels are more difficult to predict; however, we are continuing to pursue heavy civil construction contracts in the oil sands, to support both mining and SAGD projects. In addition, we are pursuing contracts with other major resource companies in Canada and major provincial infrastructure projects.[t]

While our near term outlook remains cautious we have been encouraged by an uptick in bidding activity since the start of the new year, both on existing mines and the new Fort Hills mine. We have already replaced most of our non-recurring revenue from 2013 and hope to build upon that momentum over the coming months. Of note we recently won an Alberta Transportation road building project for approximately $16.0 million and this marks our first success at revenue diversification. As always we will continue to manage our resources and costs with a focus towards maintaining profitability and improving shareholder value.

F. LEGAL AND LABOUR MATTERS

Laws and Regulations and Environmental Matters

Many aspects of our operations are subject to various federal, provincial and local laws and regulations, including, among others:

- permit and licensing requirements applicable to contractors in their respective trades;
- building and similar codes and zoning ordinances; and
- laws and regulations relating to worker safety and protection of human health.

We believe that we have all material required permits and licenses to conduct our operations and are in substantial compliance with applicable regulatory requirements relating to our operations. Our failure to comply with the applicable regulations could result in substantial fines or revocation of our operating permits.

For a complete discussion of our laws and regulations and environmental matters, see the "Legal and Labour Matters - Laws and Regulations and Environmental Matters" section of our Annual Information Form ("AIF"), which section is expressly incorporated by reference into this MD&A.

Legal Proceedings and Regulatory Actions

From time to time, we are a party to litigation and legal proceedings that we consider to be a part of the ordinary course of business. While no assurance can be given, we believe that, taking into account reserves and insurance coverage, none of the litigation or legal proceedings in which we are currently involved or know to be contemplated could reasonably be or could likely be considered important to a reasonable investor in making an investment decision, expected to have a material adverse effect on our business, financial condition or results of operations.

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We may, however, become involved in material legal proceedings in the future that could have such a material adverse effect.

Employees and Labour Relations

As at December 31, 2013, we had approximately 250 salaried employees and approximately 975 hourly employees in our operations. Our hourly workforce fluctuates according to the seasonality of our business and the staging and timing of projects by our customers. The hourly workforce for our ongoing operations typically ranges in size from 1,000 employees to approximately 1,400 employees depending on the time of year and duration of awarded projects. We also utilize the services of subcontractors in our business. Subcontractors perform an estimated 7% to 10% of the work we undertake. As at December 31, 2013, approximately 800 employees are members of various unions and work under collective bargaining agreements.

The majority of our work in our ongoing operations is carried out by employees governed by our mining overburden collective bargaining agreement with the International Union of Operating Engineers (IUOE) Local 955, the primary term of which expires on March 31, 2015. Other collective agreements in effect include the provincial collective agreement between the Operating Engineers in Alberta and the Alberta Roadbuilders and Heavy Construction Association (ARBHCA) which expires February 28, 2015.

We believe that our relationships with all our employees, both union and non-union, are strong. We have not experienced a strike or lockout.

G. RESOURCES AND SYSTEMS

Liquidity

Liquidity requirements

Our primary uses of cash are for plant, equipment and intangible asset purchases, to fulfill debt repayment and interest payment obligations, to fund operating and capital lease obligations and to finance working capital requirements.

Sources of liquidity

Our principal sources of cash are funds from operations and borrowings under our credit facility. As at December 31, 2013, our cash balance of $13.7 million was $12.6 million higher than our cash balance at December 31, 2012. We supplemented our cash requirements and letters of credit requirements during the year ended December 31, 2013 through drawings from the Revolving Facility drawn against our previous credit agreement and the $85.0 million Revolving Facility against our 5th amended and restated credit agreement. A more detailed discussion on the Revolving Facility can be found in "Credit facilities", below.

We anticipate that we will likely have enough cash from operations to fund our annual expenses and capital additions. In the event that we require additional funding, we believe that any such funding requirements could be satisfied by the funds available from our Revolving Facility.t

Summary of Consolidated Financial Position

(dollars in thousands)	Dec 31, 2013	Mar 31, 2013	Dec 31, 2012	Dec 31, 2011
Cash	$ 13,742	$ 598	$ 1,164	$ 1,797
Current assets (excluding cash)	114,134	356,059	252,716	320,359
Current liabilities	(93,482)	(191,202)	(184,183)	(233,831)
Net working capital	$ 34,394	$ 165,455	$ 69,697	$ 88,325
Intangible assets	7,043	8,625	12,063	13,984
Property, plant and equipment	277,975	274,246	332,252	326,741
Total assets	445,641	659,938	693,357	759,761
Capital lease obligations (including current portion)	(43,295)	(41,822)	(49,547)	(5,013)
Total long term financial liabilities ‡	(109,635)	(299,786)	(317,746)	(335,354)

‡ Total long-term financial liabilities exclude the current portions of capital lease obligations, current portions of derivative financial instruments, long-term lease inducements, asset retirement obligations and both current and non-current deferred income tax balances.

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Included in the numbers above are the following amounts related to discontinued piling and pipeline operations:

(dollars in thousands)	Dec 31, 2013	Mar 31, 2013	Dec 31, 2012	Dec 31, 2011
Current assets (excluding cash)	$ —	$ 154,740	$ 76,458	$ 113,336
Current liabilities	—	(38,846)	(36,029)	(79,098)
Net working capital	$ —	$ 115,894	$ 40,429	$ 34,238
Intangible assets	—	—	4,730	6,129
Property, plant and equipment	—	—	54,040	52,496
Total assets	—	154,740	167,553	204,286
Capital lease obligations (including current portion)	—	—	(5,928)	(362)
Total long term financial liabilities ‡	—	—	(4,636)	(205)

Working capital fluctuations effect on liquidity

As at December 31, 2013, we had $5.1 million in trade receivables that were more than 30 days past due, down from $31.6 million as at December 31, 2012 and $20.2 million as at December 31, 2011. We have currently provided an allowance for doubtful accounts related to our trade receivables of $nil ($0.2 million at December 31, 2012 and $0.2 million at December 31, 2011). We continue to monitor the credit worthiness of our customers. To date our exposure to potential write downs in trade receivables had been limited to the financial condition of developers of condominiums and high-rise developments in our discontinued piling business.

As of December 31, 2013, an amount of $14.4 million ($16.7 million at December 31, 2012 and $73.5 million at December 31, 2011) is recognized within unbilled revenue relating to the Canadian Natural contract, whereby the normal operating cycle for this project is greater than one year. The unbilled balance will be invoiced to Canadian Natural over the life of the amended contract. The customer maintains the right to accelerate the purchase of contract-related assets and if such right is exercised, the unbilled amount related to the equipment purchased becomes due in full at such time.

Contract change management processes often lead to a timing difference between project disbursements and our ability to invoice our customers for executed change orders. Until the time of invoice, revenue for unexecuted change orders is recorded only to the extent of costs incurred within unbilled revenue. As of December 31, 2013, we had $13.1 million of unresolved claims and change orders recorded on our balance sheet. This compares to $22.8 million and $21.5 million for the years ended December 31, 2012 and 2011, respectively. For a more detailed discussion on claims revenue refer to "Claims and Change Orders".

The variability of our business through the year due to the timing of construction project awards or the execution of work that can only be performed during winter months can result in an increase in our working capital requirements from higher accounts receivable and unbilled revenue balances at the start of such projects.

Our working capital is also significantly affected by the timing of the completion of projects and the contractual terms of the project. In some cases, our customers are permitted to withhold payment of a percentage of the amount owing to us for a stipulated period of time (such percentage and time period is usually defined by the contract and in some cases provincial legislation). This amount acts as a form of security for our customers and is referred to as a "holdback". Typically, we are only entitled to collect payment on holdbacks if substantial completion of the contract has been performed, there are no outstanding claims by subcontractors or others related to work performed by us and we have met the period specified by the contract (usually 45 days after completion of the work). However, in some cases, we are able to negotiate the progressive release of holdbacks as the job reaches various stages of completion.

As at December 31, 2013, holdbacks totaled $9.1 million, down from $33.4 million as at December 31, 2012 and down from $27.9 million as at December 31, 2011, respectively. Holdbacks represent 13% of our total accounts receivable as at December 31, 2013 (22% and 19% as at December 31, 2012 and 2011, respectively). The current year decrease in holdbacks represents a decrease in construction services projects and the timing of substantial completion.

Plant, Equipment and Intangible Asset Purchases

We maintain a significant equipment and vehicle fleet comprised of units with remaining useful lives covering a variety of time spans. It is important for us to have an effective maintenance program to support our large revenue producing fleet in order to avoid equipment downtime, which can affect our revenue stream and inhibit our project profits.

As part of our maintenance program for our larger sized equipment, it is often cost effective to replace major components of the equipment, such as engines, drive trains and under carriages to extend the useful life of the

equipment. The cost of these major equipment overhauls are recorded as capital expenditures and depreciated over the life of the replacement component. We refer to this type of equipment as "multi-life component" equipment. Once it is no longer cost effective to replace a major component to extend the useful life of a multi-life component piece of equipment, the equipment is replaced.

For the balance of our heavy and light equipment fleet, it is not cost effective to replace individual components, thus once these units reach the end of their useful lives, they are replaced. We refer to this type of equipment as "single-life component" equipment.

In addition, we may acquire new equipment to support our growth as we take on new projects. This includes the addition of revenue producing fleet and site infrastructure assets to support the maintenance activities of the fleet.

We require between $15.0 million to $25.0 million, annually, for capitalized maintenance that extends the useful life of our existing equipment fleet and an additional $10.0 million to $15.0 million (net of proceeds from disposals) to replace equipment that has reached the end of its useful life.

We believe that our current fleet size and mix is in alignment with the current and near-term growth expectations of equipment demands from the commitment to Canadian oil sands development by the oil sands producers. We have continued to assess and adjust the size and mix of our fleet and we have assessed our growth capital needs for the coming year as we monitor the progress of start-up delays on oil sands development projects. Our estimate of our capital needs (net of proceeds from disposal) for the next year is approximately $30.0 million to $40.0 million, primarily related to capital maintenance and equipment replacement capital requirements. We believe our cash flow from operations and net proceeds from the sale of under-utilized equipment will be sufficient to meet these requirements.[t]

A summary of cash changes to plant, equipment and intangible assets by nature and by period is shown in the table below:

	Three months ended December 31,		Year ended December 31,		
(dollars in thousands)	2013	2012	2013	2012	2011
New PP&E - capital expenditures					
Sustaining	$ 11,058	$ 8,154	$ 32,576	$ 26,648	$ 13,777
Growth	186	705	3,249	11,588	13,922
Subtotal	$ 11,244	$ 8,859	$ 35,825	$ 38,236	$ 27,699
New intangible assets - capital expenditures					
Sustaining	$ 455	$ 563	$ 1,770	$ 1,715	$ 1,083
Growth	68	567	1,056	2,590	3,196
Subtotal	$ 523	$ 1,130	$ 2,826	$ 4,305	$ 4,279
Total new additions to capital assets	**11,767**	**9,989**	**38,651**	**42,541**	**31,978**
Items affecting cash additions to capital assets:					
Equipment buyouts	$ —	$ 406	$ —	$ 13,653	$ —
Change in non-cash working capital	(5,491)	(312)	(4,474)	2,198	2,814
Cash outflow on additions to PP&E and intangible assets	**$ 6,276**	**$ 10,083**	**$ 34,177**	**$ 58,392**	**$ 34,792**
Capital asset disposal					
Proceeds on disposal of PP&E and assets held for sale	$ 1,487	$ 1,914	$ 7,084	$ 10,743	$ 1,198
Net decrease in cash related to capital assets	**$ 4,789**	**$ 8,169**	**$ 27,093**	**$ 47,649**	**$ 33,594**

Our growth PP&E capital expenditures in 2013 were primarily related to the establishment of a maintenance facility at the Kearl mine site to support our new civil mine support MSA work at that site.

Equipment lease buyout activity in the current periods only includes the buyout of equipment leases that we have capitalized in PP&E. We consider the lease buyout activity to be a change in financing, not an addition to our equipment fleet, as we would have previously reported the addition to our equipment fleet under non-cash additions.

Proceeds on the disposal of PP&E for the periods presented only includes proceeds specific to the assets we owned.

In order to maintain a balance of owned and leased equipment, we have financed a portion of our heavy construction fleet through capital and operating leases and we continue to lease our motor vehicle fleet through our capital lease facilities. In addition, we develop or acquire our intangible assets through capital expenditures.

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Our equipment fleet value is currently split among owned (73%), leased (25%) and rented equipment (2%). Approximately 83% of our leased fleet value is specific to the Canadian Natural contract. Our equipment ownership strategy allows us to meet our customers' variable service requirements while balancing the need to maximize equipment utilization with the need to achieve the lowest ownership costs.

Credit Facility

On October 9, 2013 we signed a three year Fifth Amended and Restated Credit Agreement ("the credit facility") with our existing banking syndicate, replacing the Fourth Amended and Restated Credit Agreement ("the previous credit facility") and its five amending agreements. The credit facility provides for a 1.5% lower interest rate and increased borrowing flexibility than the previous facility by securing the credit facility through a combination of working capital and equipment. Highlights of the facility include:

- Borrowing of up to $85.0 million under a Revolving Facility, broken into two tranches:
  - Tranche A that will support up to $60.0 million of borrowing in both cash and letters of credit.
  - Tranche B that will allow up to $25.0 million of borrowing in letters of credit.
- The use of a borrowing base determined by the value of receivables and equipment which reduces our financial covenants to:
  - A Senior Leverage Ratio, which is to be maintained at less than 2.00 to 1.00.
    - The Senior Leverage Ratio is a ratio of Senior Debt (not including the 9.125% Series 1 Unsecured Debentures) to a trailing 12-months Consolidated EBITDA.
  - A Fixed Charge Cover Ratio, which by December 31, 2013 must be maintained at greater than 1.20 to 1.00
    - The Fixed Charge Cover Ratio is the ratio of Consolidated EBITDA (less current income taxes actually paid) to Consolidated Fixed Charges.
      - The Consolidated Fixed Charges is defined as cash interest (not including interest on the $150.0 million of debentures repurchased and redeemed or any interest on our previously outstanding Term Facilities), scheduled repayment of debt (not including the principal component of our previously outstanding Term Facilities), net capital expenditures (except to the extent financed by available cash, capital leases, loans under our credit facility of up to $15.0 million per year, or new share issuances) and any dividend payments or stock repurchases (except to the extent financed by available cash or a new share issuance).
    - The Fixed Charge Cover Ratio replaces the Current Ratio and Interest Coverage Ratio.

Borrowing activity under the Revolving Facility

As of December 31, 2013 there were no outstanding borrowings under the $60.0 million Tranche A of the Revolving Facility and there were $3.1 million of issued and undrawn letters of credit under the $25.0 million Tranche B of the Revolving Facility. There were outstanding borrowings of $35.0 million and $38.0 million, as of December 31, 2012 and 2011, respectively, under the Revolving Facility drawn against the 4th amended and restated credit agreement along with $3.1 million and $22.0 million issued and undrawn letters of credit recorded against the same previous Revolving Facility.

As at December 31, 2013, our unused borrowing availability under the Revolving Facility was $60.0 million ($46.9 million at December 31, 2012).

i. **Cash drawn under Tranche A of the revolving facility:** At December 31, 2013, we did not have any borrowings outstanding on Tranche A of our Revolving Facility. We had $35.0 million in borrowings outstanding at December 31, 2012 under the Revolving Facility drawn against our previous credit facility. We did not use the Revolving Facility during the three months ended December 31, 2013. The average amount of our borrowing on the Revolving Facility drawn on our previous credit facility for the three months ended December 31, 2012 was $47.2 million at an average interest rate of 8%.

   During the year ended December 31, 2013, we used our Revolving Facility drawn against the previous credit facility to finance our working capital requirements. The average amount of our borrowing on the Revolving Facility was $22.7 million with a weighted average interest rate of 7.9% ($44.3 million and $32.7 million, respectively, for the years ended December 31, 2012 and 2011, at an average rate of 7.7% and

6.32%, respectively). The maximum end of month balance for any single month during the year ended December 31, 2013 was $65.0 million.

The average amount of our borrowing on the Revolving Facility is calculated based on the weighted average of the outstanding balances in the three months and year periods, respectively.

ii. **Letters of credit drawn under the revolving facility:** As of December 31, 2013, we had issued $3.1 million ($3.1 million at December 31, 2012 and $22.0 million at December 31, 2011) in letters of credit under the Revolving Facility to support performance guarantees associated with customer contracts. One of our major long-term contracts allows the customer to require that we provide up to $15.0 million in letters of credit. As at December 31, 2013, we had no letters of credit outstanding in connection with this contract. This customer must provide a 60-day prior written notice to request any change in their letter of credit requirements.

Contractual Obligations and Other Commitments

Our principal contractual obligations relate to our long-term debt, capital and operating leases and supplier contracts. The following table summarizes our future contractual obligations, excluding interest payments, unless otherwise noted, as of December 31, 2013 for our ongoing operations.

			Payments due by fiscal year				
(dollars in thousands)	Total	2014	2015	2016	2017	2018 and thereafter
Series 1 Debentures	$ 75,000	$ —	$ —	$ —	$ 75,000	$ —
Capital leases (including interest)	47,401	17,249	16,176	11,735	2,241	—
Equipment and building operating leases	58,143	19,468	8,161	4,643	4,465	21,406
Supplier contracts	3,709	3,709	—	—	—	—
Total contractual obligations	**$ 184,253**	**$ 40,426**	**$ 24,337**	**$ 16,378**	**$ 81,706**	**$ 21,406**

The buyout of the operating leases related to the sale of contract-related assets to Canadian Natural, discussed under the "Significant Business Event - Debt and Equity Restructuring" section of this MD&A did not reduce the future contractual obligations reported under "Equipment and building operating leases" in this table as the contract-related operating leases are scheduled to be bought out at the expiry of their lease terms.

For a discussion on term facilities and revolving facility see "Liquidity - Credit facilities", above and for a discussion on Series 1 Debentures see "Securities, Rights Plans and Agreements - 9.125% Series 1 Debentures", below.

Off-balance sheet arrangements

We have no off-balance sheet arrangements at this time.

Securities and Agreements

Capital structure

We are authorized to issue an unlimited number of voting common shares and an unlimited number of non-voting common shares.

On December 19, 2013 we completed the purchase and subsequent cancellation of 1.8 million voting common shares, in the normal course, in the United States primarily through the facilities of the New York Stock Exchange, using monetized claims from our recent business divestments (the "Purchase Program"). The common voting shares purchased under the Purchase Program represented approximately 5% of our issued and outstanding voting common shares, leaving a balance of 34,715,236 shares outstanding as of December 19, 2013.

All purchases of shares in the United States were made in compliance with Rule 10b-18, under the US Securities Exchange Act of 1934, whereby the safe harbor conditions limited the number of shares that could be purchased per day to a maximum of 25% of the average daily trading volume for the four calendar weeks preceding the date of purchase, with certain exceptions permitted for block trading. The price per share, for all but the block trades, was based on the market price of such shares at the time of purchase, in accordance with regulatory requirements.

As at February 14, 2014, there were 34,792,036 voting common shares outstanding (34,746,236 at December 31, 2013). We had no non-voting common shares outstanding on any of the foregoing dates.

For a more detailed discussion of our share data, see "Description of Securities and Agreements - Capital Structure" in our most recent AIF, which section is expressly incorporated by reference into this MD&A.

9.125% Series 1 Debentures

On April 7, 2010, we closed a private placement of 9.125% Series 1 Senior Unsecured Debentures Due 2017(the "Series 1 Debentures") for gross proceeds of $225.0 million.

As discussed in "Significant Business Events - Partial Purchase / Redemption of 9.125% Series 1 Senior Unsecured Debentures Due 2017", in August 2013, we purchased $8.1 million of the aggregate principal under the Net Proceeds Offer and redeemed $141.9 million of aggregate principal from the partial proceeds of the Piling sale. These two transactions left a $75.0 million balance outstanding on our Series 1 Debentures.

The Series 1 Debentures are rated B- by Standard & Poor's (see "Debt Ratings").

For a more detailed discussion of our 9.125% Series 1 Debentures, the Net Proceeds Offer and the redemption, see "Description of Securities and Agreements - 9.125% Series 1 Debentures" in our most recent AIF, which section is expressly incorporated by reference into this MD&A.

Debt Ratings

On May 31, 2013, Standard and Poor's Ratings Services ("S&P") [7] reaffirmed its previous ratings of our long-term corporate credit at 'B-' and the senior unsecured debt rating at 'B-'. S&P upgraded its outlook on the corporate rating to 'stable' and reaffirmed the recovery rating on our Series 1 Debentures at '4'.

For a discussion of our debt ratings, see the “Debt Ratings” section of our annual AIF, which section is expressly incorporated by reference in this MD&A.

Related Parties

Advisory Agreements

From the time of our initial public offering in November of 2006 to June 26, 2013, Perry Partners, L.P. and Perry Partners International, Inc. (together, “Perry”) was our Sponsor. As a Sponsor, Perry had an Advisory Services Agreement with us under which Perry was entitled to receive reports, financial data and other information and we were entitled to receive consulting services relating to our operations, affairs and finances. No fee was charged by Perry for such consulting and advisory services. On June 26, 2013, we entered into an agreement with Perry terminating Perry's Advisory Services Agreement.

We may terminate a significant shareholder's letter agreement in certain circumstances. All the foregoing rights are subject to customary confidentiality requirements and subject to security clearance requirements imposed by applicable government authorities.

Internal Systems and Processes

Evaluation of disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose is recorded, processed, summarized and reported within the time periods specified under Canadian and US securities laws. They include controls and procedures designed to ensure that information is accumulated and communicated to management, including the President and Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

An evaluation was carried out under the supervision of and with the participation of management, including the President and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the US Securities Exchange Act of 1934, as amended, and in National Instrument 52-109 under the Canadian Securities Administrators Rules and Policies. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2013 such disclosure controls and procedures were effective.

Management's report on internal control over financial reporting

Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with US GAAP. Management, including the President and Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting (ICFR), as such term is defined in Rule 13a -15(f) under the US Securities Exchange Act of 1934, as amended; and in National

[7] Standard and Poor's Ratings Services (S&P), a division of The McGraw-Hill Companies, Inc.

Instrument 52-109 under the Canadian Securities Administrators Rules and Policies. A material weakness in ICFR exists if the deficiency is such that there is reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, projections or any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2013, we applied the criteria set forth in the 1992 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to assess the effectiveness of our ICFR. Based on this assessment, management has concluded that, as of December 31, 2013, our internal control over financial reporting is effective. Our independent auditor, KPMG LLP, has issued an audit report stating that we, as at December 31, 2013, maintained, in all material respects, effective internal control over financial reporting based on the criteria established in the 1992 Internal Control-Integrated Framework issued by the COSO.

Material changes to internal controls over financial reporting

There have been no material changes to internal controls over financial reporting during the year ended December 31, 2013.

Critical Accounting Estimates

The preparation of financial statements in conformity with US GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period.

Significant estimates made by us include:

- Assessment of the percentage of completion on time-and-materials, unit-price and lump-sum contracts (including estimated total costs and provisions for estimated losses) and the recognition of claims and change orders on revenue contracts;
- Assumptions used to value free standing and embedded derivatives and other financial instruments;
- Assumptions used in periodic impairment testing; and
- Estimates and assumptions used in the determination of the allowance for doubtful accounts, the recoverability of deferred tax assets and the useful lives of property, plant and equipment and intangible assets.

Actual results could differ materially from those estimates.

The accuracy of our revenue and profit recognition in a given period is dependent, in part, on the accuracy of our estimates of the cost to complete each time-and-materials, unit-price, and lump-sum project. Major changes in cost estimates can have a significant effect on profitability.

The complex judgments and estimates most critical to an investor's understanding of our financial results and condition are contained within our significant accounting policies, including ours. Below is a listing of our significant accounting policies in which we define how we apply these critical accounting estimates:

- Revenue recognition policy
- Property, plant and equipment policy
- Allowance for doubtful accounts receivable policy
- Goodwill impairment policy
- Financial instruments policy
- Foreign currency translation policy
- Discontinued operations

For a complete discussion of how we apply these critical accounting estimates in our significant accounting policies adopted, see the "Significant accounting policies" section of our Consolidated Financial Statements for year ended December 31, 2013 and notes that follow, which sections are expressly incorporated by reference into this MD&A.

Accounting Pronouncements

Recently adopted

- Offsetting Assets and Liabilities
  - We adopted this Accounting Standards Update (“ASU”) effective commencing January 1, 2013. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.
- Intangibles - Goodwill and other
  - We adopted this ASU effective April 1, 2012. The adoption of this standard did not have a material effect on our consolidated financial statements.
- Comprehensive income
  - We adopted this ASU effective April 1, 2012. The adoption of this standard did not have a material effect on our consolidated financial statements.t

Not Yet Adopted

- Income taxes
  - This ASU will be effective commencing January 1, 2014. The adoption of this standard is not expected to have a material impact on our consolidated financial statements.

For a complete discussion of accounting pronouncements recently adopted and accounting pronouncements not yet adopted, see the "Accounting pronouncements recently adopted" and "Recent accounting pronouncements not yet adopted" sections of our Consolidated Financial Statements for the year ended December 31, 2013 and notes that follow, which sections are expressly incorporated by reference into this MD&A.

H. FORWARD-LOOKING INFORMATION, ASSUMPTIONS AND RISK FACTORS

Forward-Looking Information

This document contains forward-looking information that is based on expectations and estimates as of the date of this document. Our forward-looking information is information that is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward-looking information. Forward-looking information is information that does not relate strictly to historical or current facts and can be identified by the use of the future tense or other forward-looking words such as 'believe", "expect", "anticipate", "intend", "plan", "estimate", "should", "may", "could", "would", "target", "objective", "projection", "forecast", "continue", "strategy", "intend", "position" or the negative of those terms or other variations of them or comparable terminology.

Examples of such forward-looking information in this document include, but are not limited to, statements with respect to the following, each of which is subject to significant risks, uncertainties and assumptions is based on a number of assumptions that may prove to be incorrect:

1. The expectation that we may receive up to $92.5 million in additional proceeds over the next three years in connection with the Piling sale, contingent on the Purchaser achieving prescribed profitability thresholds from the assets and liabilities sold.
2. The anticipation that the Purchaser will continue to grow the piling business, resulting in the payment of some or all of the contingent proceeds.
3. The expectation that the partial Series 1 Debentures retirement will reduce annual interest cost by approximately $13.7 million for the Series 1 Debentures to $6.8 million.
4. We have estimated our remaining backlog on our Canadian Natural contract at the Horizon mine at $145.8 million at December 31, 2013.
5. The expectation of performing $202.1 million of our combined backlog within the next twelve months ending December 31, 2014.

t This paragraph contains forward-looking information. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks and uncertainties related to such information.

6. The expectation that operations support services revenue will continue to benefit from the ramp up of activity at the Kearl mine under our new five year master services agreement and the expectation of comparable activity levels supporting production efforts at the Horizon, Base Plant , Millennium, and Steepbank mines and site development efforts at the Joslyn mine.
7. Our belief that we are well positioned to respond to changing market conditions, while maintaining profitability levels.
8. Our belief that we will likely have enough cash from operations to fund our annual expenses and capital additions. In the event that we require additional funding, we believe that any such funding requirements could be satisfied by the funds available from our Revolving Facility.
9. Our belief that cash flow from operations and net proceeds from the sale of under-utilized equipment will be sufficient to meet our requirements for capital expenditure.
10. Our belief that accounting pronouncements recently adopted or yet to be adopted, as discussed herein, will not have a material impact on our consolidated financial statements.

While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** These factors are not intended to represent a complete list of the factors that could affect us. See "Assumptions", "Risk Factors" and "Quantitative and Qualitative Disclosure about Market Risk", below and risk factors highlighted in materials filed with the securities regulatory authorities filed in the United States and Canada from time to time, including, but not limited to, risk factors that appear in the "Forward-Looking Information, Assumptions and Risk Factors" section of our most recent AIF, which section is expressly incorporated by reference in this MD&A.

Assumptions

The material factors or assumptions used to develop the above forward-looking statements include, but are not limited to:

1. That the Purchaser will meet the prescribed Consolidated EBITDA thresholds over the next three years, thus allowing us to realize the contingent proceeds of the Piling Sale.
2. That work will continue to be required under the contract with Canadian Natural.
3. That work will continue to be required under our master services agreements with various customers;
4. The demand for construction services remaining strong;
5. The continuing development of new mines and the expansion of existing mines;
6. That we will realize all of our backlog;
7. Our customers' ability to pay in timely fashion;
8. Our ability to successfully resolve all claims and unsigned change orders with our customers;
9. The oil sands continuing to be an economically viable source of energy;
10. Our customers and potential customers continuing to invest in the oil sands and other resource developments and to outsource activities for which we are capable of providing services;
11. The continuing construction of the southern and western pipelines;
12. Our ability to benefit from increased construction services revenue and to maintain operations support services revenue tied to the operational activities of the oil sands;

13. Our ability to maintain the right size and mix of equipment in our fleet and to secure specific types of rental equipment to support project development activity enables us to meet our customers' variable service requirements while balancing the need to maximize utilization of our own equipment;
14. Our ability to access sufficient funds to meet our funding requirements will not be significantly impaired;
15. Our success in executing our business strategy, identifying and capitalizing on opportunities, managing our business, maintaining and growing our relationships with customers, retaining new customers, integrating our acquisitions, competing in the bidding process to secure new projects and identifying and implementing improvements in our maintenance and fleet management practices; and
16. Our success in improving profitability and continuing to strengthen our balance sheet through a focus on performance, efficiency and risk management.

Risk Factors

The risks and uncertainties that could cause actual results to differ materially from the information presented in the above forward-looking statements and assumptions include, but are not limited to the risks detailed below.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk that future revenue or operating expense related cash flows, the value of financial instruments or cash flows associated with the instrument will fluctuate because of changes in market prices such as foreign currency exchange rates and interest rates. The level of market risk to which we are exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of our financial assets and liabilities held, non-trading physical assets and contract portfolios.

To manage the exposure related to changes in market risk, we use various risk management techniques including the use of derivative instruments. Such instruments may be used to establish a fixed price for a commodity, an interest-bearing obligation or a cash flow denominated in a foreign currency.

Business Risk Factors

- There can be no certainty that any or all of the contingent consideration from the sale of the Piling business will be received. Failure to receive the contingent consideration could negatively impact the market price of the Common Shares.
- Anticipated new major capital projects in the oil sands may not materialize.
- Short-notice customer communication of reduction in their mine development or support service requirements, in which we are participating, could lead to our inability to secure replacement work for our dormant equipment and could subject us to non-recoverable costs.
- Unanticipated short-term shutdowns of our customers' operating facilities may result in temporary cessation or cancellation of projects in which we are participating.
- An unfavourable resolution to our significant project claims could result in a revenue write down in future periods.
- Our operations are subject to weather-related and environmental factors that may cause delays in our project work.
- Our ability to maintain planned project margins on projects with longer-term contracts with fixed or indexed price escalators may be hampered by the price escalators not accurately reflecting increases in our costs over the life of the contract.
- Our customer base is concentrated, and the loss of or a significant reduction in business from a major customer could adversely affect our financial condition
- A significant amount of our revenue is generated by providing construction services.
- A change in strategy by our customers to reduce outsourcing could adversely affect our results.
- Our ability to grow our operations in the future may be hampered by our inability to obtain long lead time equipment and tires, which can be in limited supply during strong economic times.
- Reduced availability or increased cost of leasing our equipment fleet could adversely affect our results.
- We may not be able to access sufficient funds to finance a growth in our working capital or equipment requirements.

- Cost overruns by our customers on their projects may cause our customers to terminate future projects or expansions that could adversely affect the amount of work we receive from those customers.
- Because most of our customers are Canadian energy companies, a downturn in the Canadian energy industry or a global reduction in the demand for oil and related commodities could result in a decrease in the demand for our services.
- Lump-sum and unit-price contracts expose us to losses when our estimates of project costs are lower than actual costs.
- Significant labour disputes could adversely affect our business.

For further information on risks, including "Quantitative and Qualitative Disclosure about Market Risk", "Business Risk Factors", "Risk Factors Related to Our Common Shares", and "Risk Factors Related to our Debt Securities" please refer to the "Forward-Looking Information, Assumptions and Risk Factors - Risk Factors" section of our most recent AIF, which section is expressly incorporated by reference into this MD&A.

I. GENERAL MATTERS

Experts

KPMG LLP are our auditors and have confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of Institute of Chartered Accountants of Alberta and within the meaning of the U.S. Securities Act of 1933 and the applicable rules and regulations thereunder adopted by the Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

Additional Information

Our corporate office has been re-located Suite 300, 18817 Stony Plain Road, Edmonton, Alberta T5S 0C2. Our corporate head office telephone and facsimile numbers are 780-960-7171 and 780-969-5599, respectively.

For the definition of terms commonly used in our industry but not otherwise defined in this MD&A, please see "Glossary of Terms" in our most recent AIF.

Additional information relating to us, including our AIF dated February 19, 2014, can be found on the Canadian Securities Administrators System for Electronic Document Analysis and Retrieval (SEDAR) database at www.sedar.com, the Securities and Exchange Commission's website at www.sec.gov and our company website at www.nacg.ca.

Exhibit 99.4



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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of North American Energy Partners Inc.

We consent to the use of our reports, each dated February 19, 2014, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting included in this annual report on Form 40-F.

KPMG LLP

Chartered Accountants

Edmonton, Canada
February 19, 2014

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Exhibit 99.5

CERTIFICATION OF FORM 40-F
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a), PURSUANT TO SECTION 302
OF THE SARBANES–OXLEY ACT OF 2002

I, Martin Ferron, the President and Chief Executive Officer of North American Energy Partners Inc., certify that:

1. I have reviewed this annual report on Form 40-F for the fiscal year ended December 31, 2013 of North American Energy Partners Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 19, 2014

/s/ Martin Ferron

Name: Martin Ferron

Title: President and Chief Executive Officer

Exhibit 99.6

CERTIFICATION OF FORM 40-F
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a), PURSUANT TO SECTION 302
OF THE SARBANES–OXLEY ACT OF 2002

I, David Blackley, the Chief Financial Officer of North American Energy Partners Inc., certify that:

1. I have reviewed this annual report on Form 40-F for the fiscal year ended December 31, 2013 of North American Energy Partners Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 19, 2014

/s/ David Blackley

Name: David Blackley

Title: Chief Financial Officer

Exhibit 99.7

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 40-F for the fiscal year ended December 31, 2013 (the "Report") of North American Energy Partners Inc. (the "Company"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2014

/s/ Martin Ferron

Name: Martin Ferron

Title: President and Chief Executive Officer

Exhibit 99.8

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 40-F for the fiscal year ended December 31, 2013 (the "Report") of North American Energy Partners Inc. (the "Company"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2014

/s/ David Blackley

Name: David Blackley

Title: Chief Financial Officer