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

FORM 40-F

£ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2017 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.

28,070,150 Common Shares

Indicate by check mark whether the Registrant by filing the information required in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the Registrant in connection with such Rule.

Yes £ No x

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 is an emerging growth company as defined in Rule 12b-2 of the Exchange Act

Emerging growth company £

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. £

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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, 2017 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, 2017, 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, 2017 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, 2017, 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, 2017, 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, 2017, 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. Bryan Pinney, 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 Chief Executive Officer, its President, 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, 2017 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, 2017 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, 2017, 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, 2017, 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, 2017, 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, 2017, 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 31, 2017, 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
Chief Executive Officer

Date: February 13, 2018

EXHIBIT INDEX

99.1	Annual Information Form for the fiscal year ended December 31, 2017.
99.2	Audited Annual Consolidated Financial Statements for the fiscal year ended December 31, 2017.
99.3	Management's Discussion and Analysis for the fiscal year ended December 31, 2017.
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.

Exhibit 99.1



NORTH AMERICAN ENERGY PARTNERS INC.

ANNUAL INFORMATION FORM

February 13, 2018

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Annual Information Form

February 13, 2018

A. EXPLANATORY NOTES

The information in this Annual Information Form ("AIF") is stated as at December 31, 2017*, 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, 2017 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.

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 exploration and deposit appraisal expenditures was obtained from the Natural Resources Canada. Information regarding historical capital expenditures in the oil sands was obtained from the Canadian Association of Petroleum Producers ("CAPP")[1].

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. 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. Readers are cautioned that actual events and results may vary from the forward-looking information. We have denoted our forward looking statements with this symbol "s". Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for further detail on what constitutes forward looking information and discussion of the risks, assumptions and uncertainties related to such information. Readers are cautioned that actual events and results may vary from the forward-looking information.

1 Canadian Association of Petroleum Producers (CAPP) is an organization that represents the upstream Canadian oil and natural gas industry.

Non-GAAP Financial Measures

A non-GAAP financial measure is generally defined by the Canadian 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 adjusted in the most comparable GAAP measures. In this AIF, we use non-GAAP financial measures such as "margin", "EBIT", "EBITDA", "Total Debt" and "Free Cash Flow". We provide tables in this document that reconcile non-GAAP measures used to amounts reported on the face of the consolidated financial statements.

EBIT and EBITDA

"EBIT" is defined as net income (loss) before interest expense and income taxes.

"EBITDA" is defined as net income (loss) before interest expense, income taxes, depreciation and amortization.

As EBIT and EBITDA are non-GAAP financial measures, our computations of EBIT and EBITDA may vary from others in our industry. EBIT and EBITDA should not be considered as alternatives to operating income or net income as measures of operating performance or cash flows and they 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 does 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.

Margin

We will often identify a relevant financial metric as a percentage of revenue and refer to this as a margin for that financial metric. "Margin" is defined as the financial number as a percent of total reported revenue. Examples where we use this reference and related calculation are in relation to "operating income margin", "net income (loss) margin".

We believe that presenting relevant financial metrics as a percentage of revenue is a meaningful measure of our business as it provides the performance of the financial metric in the context of the performance of revenue. Management reviews margins as part of its financial metrics to assess the relative performance of its results.

Total Debt

"Total Debt" is defined as the sum of the outstanding principal balance (current and long-term portions) of: (i) capital leases; (ii) borrowings under our Credit Facility (excluding outstanding Letters of Credit); (iii) convertible unsecured subordinated debentures (the "Convertible Debentures"), and (iv) liabilities from hedge and swap arrangements. Our definition of Total Debt excludes deferred financing costs related to Total Debt. We believe Total
Debt is a meaningful measure in understanding our complete debt obligations.

Free Cash Flow

"Free Cash Flow" is defined as cash from operations less cash used in investing activities (excluding cash used for growth capital expenditures and cash used for / provided by acquisitions). We feel Free Cash Flow is a relevant measure of cash available to service our Total Debt repayment commitments, pay dividends, fund share purchases and fund both growth capital expenditures and potential strategic initiatives.

B. CORPORATE STRUCTURE

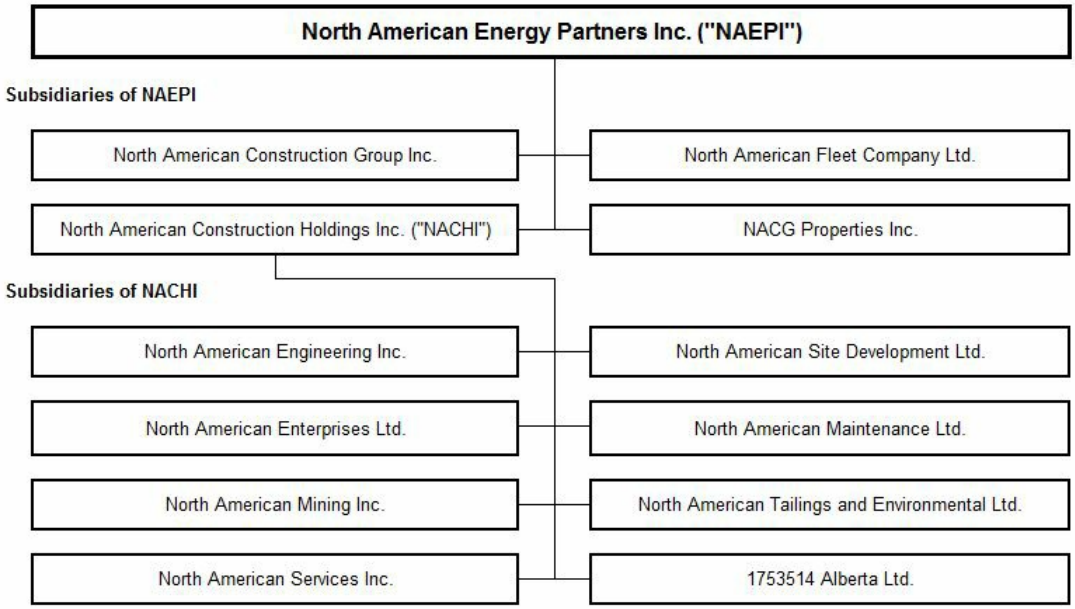
North American Energy Partners Inc.

The Company was formed under the *Canada Business Corporations Act* on November 28, 2006, from an amalgamation of NACG Holdings Inc. with its wholly-owned subsidiaries, NACG Preferred Corp. and North American Energy Partners Inc. The amalgamated entity was assigned corporation number 439586-7 by Industry

Canada and continued under the name North American Energy Partners Inc. (“NAEPI”). Under the Company’s Articles of Amalgamation and Bylaws, there are no restrictions on the business the Company may carry on.

Subsidiaries

NAEPI has four direct wholly-owned, Canadian incorporated subsidiaries: North American Construction Group Inc. (“NACGI”), North American Fleet Company Ltd., NACG Properties Inc. and North American Construction Holdings Inc. ("NACHI"). NACHI, in turn has eight wholly-owned Canadian incorporated operating subsidiaries as of December 31, 2017. 1753514 Alberta Ltd. was dissolved as of January 19, 2018. The chart below depicts our current corporate structure with respect to each of our direct and indirect subsidiaries (collectively the “Subsidiaries”) as of December 31, 2017:



NAEPI and NACGI are corporations subsisting under the *Canada Business Corporations* Act. All of the Subsidiaries other than NACGI are corporations subsisting under the *Business Corporations Act* (Alberta).

On April 1, 2017, we entered into a partnership agreement with Dene Sky Site Services Ltd. ("Dene Sky"), a private First Nations business based in Janvier, Alberta. Our subsidiary, North American Enterprises Ltd., was issued a 49% interest in the partnership while Dene Sky was issued a 51% interest. The partnership is carrying on business under the name "Dene North Site Services" and operates primarily in Northern Alberta.

C. OUR BUSINESS

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 four producers currently mining bitumen in the oil sands since the inception of their respective projects: Syncrude[2], Suncor[3], Imperial Oil[4] and Canadian Natural[5]. 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 one of the largest fleets of equipment of any contract resource services provider in the oil sands. Our total fleet (owned, leased and rented) includes approximately 402 pieces of diversified heavy construction equipment supported by over 1,488 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 leverage 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 provincial infrastructure projects across Canada and in the United States. We remain committed to 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, tailings pond construction and tailings pond maintenance.

We also provide site development services for plants and refineries, including in situ oil sands facilities, and heavy and light civil construction for major resource infrastructure projects. In addition, we have begun marketing an expansion of our services to include heavy equipment maintenance services provided to our customers.

We maintain our large diversified fleet of heavy equipment and ancillary equipment from our two significant maintenance and repair centers, one based in Fort McMurray, Alberta on a customer's mine site 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 have begun construction on a new purpose designed and built, state of the art maintenance facility to replace our existing maintenance facility near Edmonton, Alberta.

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2 Syncrude Canada Ltd. (Syncrude), operator of the oil sands mining and extraction operations for the Syncrude Project, a joint venture amongst Suncor Energy Oil and Gas Partnership (58.74%), Imperial Oil Resources (25%), Sinopec Oil Sands Partnership (9.03%), Nexen Oil Sands Partnership (7.23%).

3 Suncor Energy Inc. (Suncor).

4 Imperial Oil Resources Limited (Imperial Oil).

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

Revenue by Source

Our revenue is generated from two main customer demand sources:

- operations support services; and
- construction services.

The flexibility of our equipment fleet and technical expertise is such that we can move people and equipment between revenue sources to support different types of customer demand, as needed.

Operations support services revenue

Operations support services revenue, also referred to as recurring revenue, is mainly generated under site services contracts, as described below. Our oil sands customers primarily utilize a large haul capacity single purpose fleet of equipment to mine the ore in their mines. We provide our customers with a smaller, cheaper and more flexible fleet of equipment to perform a variety of tasks that keep the mines operating. The operations support services category includes our long-term agreements with customers (master service agreement and multiple use contracts) 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.

Operations support services support the existing operations of our customers and are generally funded from our customers' operating budgets. As a result of the less discretionary nature of this type of spending, we tend to experience lower downside variability in the demand for these services as compared to the demand for construction services. As our customers continue to maximize their production performance through de-bottlenecking efforts, capacity expansions and the recent development of the Fort Hills mine[6], we anticipate a potential increase in demand for these recurring services.s

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. Included in our measure of operations support services are the mine support services on the Fording River coal mine[7] and Highland Valley copper mine[8], both of which are based in British Columbia and our external maintenance services supported primarily from our maintenance facility near Edmonton, Alberta.

For the year ended December 31, 2017, operations support services (or recurring) revenue represented 93% of our total revenues, up from 91% of our total revenue for the year ended December 31, 2016. The high percentage in both years reflects the limited construction service projects made available by our clients as a result of both the 2016 Fort McMurray wildfire and the 2017 customer plant fire.

Construction services revenue

Construction services are related to mine development 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 defined 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, 2017, construction services revenue represented 7% of total revenues, down slightly from 9% of total revenues for the year ended December 31, 2016. The prior year construction services revenues were negatively impacted by the May 2016 Fort McMurray wildfire, which caused the suspension of work for over two months in the summer at the start of the prime construction services season. Construction services revenues were lower than anticipated for the current year as a result of a plant fire experienced by one of our clients in March 2017 which caused the client to suspend the awarding of many of the anticipated construction services projects through the balance of the year.

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6 Fort Hills Energy LP (Suncor Fort Hills), a limited partnership between Suncor Energy Inc. (53.06%), Total (26.05%) and Teck Resources Ltd. (20.89%). Through its affiliate, Suncor Energy Operating Inc. (SEOI), Suncor is the developer and operator of the Fort Hills project via an operating services contract.

7 Fording River Mine, owned and operated by Teck Resources Limited

8 Highland Valley Mine, owned and operated by Teck Resources Limited

Revenue by End Market

Our revenue can potentially be generated from three main end markets:

- Canadian oil sands;
- non-oil sands resource development; and
- government infrastructure.

The flexibility of our equipment fleet and technical expertise is such that we can move people and equipment between revenue sources to support different types of end markets, as needed.

Canadian oil sands market

Our core end-market is the Canadian oil sands. 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. This method is more commonly referred to as Steam Assisted, Gravity Drainage ("SAGD"). The choice of extraction method is entirely based on the geographic features of the land and the two methods are not interchangeable.According to CAPP, the oil sands represent 97% of Canada's recoverable oil reserves with proven reserves of 165 billion barrels. This is the third largest proven oil reserve in the world, next to Saudi Arabia and Venezuela, and is ranked by the Oil & Gas Journal as the sixth largest global producer. It is also the world's largest reserve open to private sector investment.

Canada produced 3.85 million barrels per day of crude oil, including pentanes & condensates, which was equal to over 5 per cent of global production. With such vast resources, there is tremendous potential for the industry to grow, which would provide many economic and social benefits to Canadians. However, Canadian production continues to be tempered by lower oil prices, and new federal and provincial environmental policies that differ from the regulatory approach of other competing jurisdictions.

The oil sands resources are situated almost entirely in Alberta and are delineated by three deposits. These regions, referred to as the Athabasca, Cold Lake and Peace River deposits. The Alberta Energy Regulator ("AER")[9] estimated at year-end 2016 there are 165 billion barrels of established reserves, of which 32 billion barrels, or 19 per cent is considered recoverable by mining and 133 billion barrels or 81 per cent can be recovered using in situ techniques.

CAPP’s latest oil sands forecast grows from 2.4 million barrels per day to 3.7 million barrels per day. Mining production grows from 1.0 million b/d in 2016 to reach 1.5 million b/d in 2030. In situ development is the primary driver of growth, expanding from 1.4 million b/d currently and reaching 2.2 million b/d by the end of the outlook. CAPP's 1.3 million barrels per day growth forecast translates into 1.5 million barrels per day of additional crude oil supply after blending and including imported diluent volumes. Although 2016 production was impacted by the Fort McMurray forest fires there was no fundamental infrastructure damage, so 2017 production was set to rebound sharply. There is slower growth anticipated further out in the forecast due to: longer term price uncertainty; the impact of burgeoning U.S. shale supplies on the global market; and the impact of federal and provincial climate change policies on relative competitiveness.s Canadian producers are also wary of protectionist policies that may emanate from the U.S.

CAPP's forecast for 2017 oil sands capital spending was $15.0 billion, a $17.0 billion decline from the estimated industry spend in 2014, reflecting the curtailment of capital investment during the prolonged decline in the price of a barrel of oil. Higher operating cost in situ oil extraction method was the hardest hit by this reduced capital spend, as oil sand producers focused their investment capital on growing their production levels in longer life, lower operating cost oil sands mining operations. The consequences of the deferment of certain in situ project investment is reflected in the wider range of 2030 production growth estimates for that extraction method.

9 Alberta Energy Regulator ("AER") is an independent agency responsible for providing the safe, efficient, orderly and environmentally responsible development of Alberta’s energy resources.

Oil sands producer announcements for their capital investment plans reflect a renewed focus on the investment in SAGD projects, triggered by the rise in the West Texas Intermediate ("WTI")[10] price of a barrel of oil over US$60 per barrel. While oil sands producers still feel that the near-term oil price forecasts don't support the ramp-up of construction on new ("greenfield") SAGD projects, they do believe that projected prices support the expansion of existing SAGD facilities ("brownfield") or the re-start of projects that were suspended during the economic down-turn where they can leverage the project investments already made prior to the project suspension. In a report published by IHS Energy[11] in December 2015, titled "Oil Sands Cost and Competitiveness", it was estimated that the construction of a greenfield SAGD facility would cost $1.4 billion, or approximately $45,000 for each barrel per day of capacity (a greenfield mine starts at a construction cost of $9.0 billion, or approximately $90,000 for each barrel per day of capacity). By comparison, the same report estimates that by leveraging existing project infrastructure, the brownfield expansion of existing SAGD facilities could save as much as $400 million in construction costs, or approximately $10,000 for each barrel per day of capacity.

Expansion in oil sands production also requires an expansion of existing crude oil transportation infrastructure. Pipelines are the primary mode of transportation for long-term movements of crude oil, but the protracted regulatory process continues to present a number of challenges to capacity expansion. Pipeline construction projects are underway in Canada to expand crude oil transportation capacity and the oil industry is encouraged by the approval of long-delayed pipeline projects in both Canada (Kinder Morgan TMX project between Alberta and BC) and the US (TransCanada Keystone XL project between Alberta and Nebraska). Delays in regulatory approvals for new pipeline projects have provided the impetus for investment in the growth of railway capacity for transporting crude oil. According to CAPP, 2017 rail loading capacity in Western Canada was 776,000 barrels per day which has been providing a short-term solution to the delays in pipeline construction needed to transport the projected oil sands production growth. However, recent changes to federal laws, requiring older oil-by-rail cars to be phased out following the Lac Megantic oil-by-rail car disaster in Quebec, has shrunk the available oil-by-rail cars by 40%. The reduction in oil-by-rail carrying capacity, coming at the same time as the ramp up of Alberta oil sands production levels as a result of projects like the completion of the Fort Hills mine, is driving an increasing gap in the price of Western Canada Select ("WCS") price per barrel, the price that Alberta oil sands producers receive, compared to the benchmark WTI price per barrel.s

We support both mine development and in situ 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 lifecycle of the mine. A mine lifecycle traditionally was estimated by oil producers at upwards of 40 years, based on estimates of reserves and extraction technology, however more recently these estimates have grown to upwards of 50 years for some oil sand mines as a result of improvements in mining techniques, technology and reserve measurement capabilities.

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 with a lower quantity of oil per cubic meter of sand to secure the required volume of oil to feed the plant at capacity. 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 continues to be a number of projects related to mine expansions 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 mineral exploration spending.

10 West Texas intermediate ("WTI") prices are reported by the U.S Energy Administration information.
11 IHS Energy, a subsidiary of IHS Inc, provides oil and gas industry data on exploration, development, production, and transportation activities to various energy producers, and national and independent oil companies.

Current Canadian oil sands business conditions

For the year ended December 31, 2017, 87% of our total revenues were generated from the Canadian oil sands, compared to 94% of our total revenues for the year ended December 31, 2016.

Operations support services: As a result of the significant 2014-2015 downturn in the WTI price of a barrel of oil, oil sands operators implemented reductions in their capital budget and workforce as they attempt to control costs. While these capital reductions related primarily to in situ projects, due to their higher operating cost and shorter-term nature, the oil sands operators also focused on reducing their oil sands mine cost structure for operating and maintenance capital activities.

The longer life span of oil sands mines allows oil producers to be less sensitive to shorter-term volatility in oil prices. With the majority of the capital investment in an operating oil sand mine having already occurred, we expect our oil sand customers to focus on maximizing the production from their investment while continuing to prioritize operating and capital spending discipline.s While we expect the market for operations support services to remain competitive in 2018, we do not anticipate a large slowdown in demand for our services.s We have long-term services contracts in place at four major mine sites in the oil sands through at least 2020 and we continue to actively partner with our customers to identify efficiencies that we believe can generate cost savings that both we and our customers can share in.s We believe that we have the operational flexibility and fleet capacity to quickly respond to changes in our customers' operational support requirements.s

Construction services: Capital spending on the development of long-term oil sands mining projects is not sensitive to short-term fluctuations in the price of oil. Starting and stopping long-term, capital-intensive mining projects is inefficient due to the considerable demobilization and remobilization costs that would be incurred. Despite the significant 2014-2015 drop in WTI price per barrel of oil the oil producers continued to invest in new mines and the expansion of existing mines. Suncor continued in the development of the $17.0 billion Fort Hills Mine Project, currently finalizing its commissioning activities and Canadian Natural is continuing with production expansion at the Horizon mine[12]. Syncrude completed significant capital projects for their tailings management initiative and mine train relocation projects at both the Aurora[13] and Mildred Lake mines[14], while Imperial doubled their production capacity at their Kearl mine [15].

During the economic downturn, capital expenditures related to a number of in situ projects were deferred, or placed on hold. However, some oil sand producers have announced investments in the restart or expansion of existing "in situ" oil sands projects, including the Firebag[16], Christina Lake[17], Kirby North[18], Sunrise[19] and Hangingstone[20] projects.

Anticipated 2018 oil sands capital spending activity levels in the mining area are likely to remain robust with the majority of capital spending reductions focusing on construction cost reductions rather than further project deferrals.s Investments in the oil sands mining area are likely to continue to drive demand for construction services and provide additional bidding opportunities; however, many of the projects are subject to approvals and could also be impacted by further volatility in market conditions.s 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.s

Non-oil sands resource development market

Canada's non-oil sands resource development sector hosts more than 200 principal producing mines and produces more than 60 minerals and metals, ranking among the top global producers of many key commodities such as potash, uranium, nickel, aluminum and cobalt.

12 Horizon Oil Sands mine site, a wholly owned and operated Canadian Natural Resources Limited ("Canadian Natural").

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 Kearl Oil Sands project is operated by Imperial oil and jointly owned by Imperial Oil (71%) and ExxonMobil Canada (29%).

16 Firebag is owned and operated by Suncor Energy Inc.

17 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.

18 Kirby North Project is the Phase 1 of the Kirby In Situ Oil Sands Expansion Project (Kirby Expansion Project), owned and operated by Canadian Natural.

19 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.

20 Hangingstone Project, a steam-assisted gravity drainage (SAGD) project, is wholly owned and operated by Athabasca Oil Corporation (Athabasca Oil).

Canada's natural resource position in the world:

- World's top potash producer
- 2nd in nickel and uranium production
- In the top five in the production of over 10 minerals and metals (e.g. aluminum, diamonds, gold, cobalt)
- 3rd in oil reserves and 6th in oil production
- 3rd in natural gas production
- 3rd in hydroelectricity production

We pursue a variety of civil construction, site development and mine support opportunities with resource developers outside of the oil sands. 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 the year ended December 31, 2017, we generated 13% of revenue from the non-oil sands resource development market, compared to 6% of our total revenues for the year ended December 31, 2016.

Current non-oil sands resource development business conditions

As detailed by Natural Resources Canada ("NRC")[21], exploration and deposit appraisal expenditures have been in decline over recent years, dropping from a peak of $4.2 billion in 2011 to $1.6 billion in 2016. Estimates for exploration and deposit appraisal expenditures for 2017 show a slight increase reflecting a bounce back from the effects of the 2016 Fort McMurray wildfire. Despite the current economic climate, the NRC identifies that Canada remains the world's most attractive destination for mineral exploration investment, accounting for almost 14% of total global exploration budgets.

Provincial infrastructure

We continue to pursue revenue diversification opportunities outside of the Canadian oil sands, leveraging infrastructure investment announcements by the Canadian Federal government and Alberta Provincial government. We expect to competitively bid on these projects, both individually and with strategic partners whose service offering compliments are own competitive strengths.s We did not generate revenue from provincial infrastructure projects in either 2017 or 2016.

Competitive Strengths

We believe our competitive strengths are as follows:

Leading market position in contract mining services

We believe we are the premier 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 40 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 and other remote resource development locations. We also believe that this advantage supports successfully providing similar services to large-scale earthworks infrastructure and resource development projects in both Canada and the United States.s

21 Natural Resources Canada is the ministry of the government of Canada responsible for natural resources, energy, minerals and metals, forests, earth sciences, mapping and remote sensing.

Large, well-maintained equipment fleet

As of December 31, 2017, we had a heavy equipment fleet of approximately 402 owned, leased and rented units, made up of shovels, excavators, trucks and dozers as well as loaders, graders, packers and barges. This fleet is supported by a fleet of over 1,488 pieces of ancillary equipment, including various types of service and maintenance vehicles. We have a modern, well-maintained fleet of equipment to service our clients' needs. We are one of only a few contractors to operate trucks larger than 240 tons in capacity which 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 sites. We believe our combination of onsite and offsite service capabilities coupled with our industry leading maintenance management systems and expertise increases our efficiency and extends the life of our equipment. This, in turn, reduces costs and increases our equipment reliability and utilization, thereby enhancing our competitive edge and profitability.s

Broad service offering across a project’s lifecycle

We are considered to be a “first-in, last-out” service provider in the oil sands and resource development sector because we provide services through the entire lifecycle of oil sands and non-oil sands projects. Our work typically begins with the initial consulting services provided during the planning phase, including a review of constructability, engineering and budgeting. This leads into the construction phase during which we provide an expanded range of services, including clearing, muskeg removal, site preparation, mine infrastructure construction and underground utility installation. As our mining customers move into mine 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 and resource development 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. We believe that we have demonstrated through past projects that the expertise that we have developed in mining and the oil sands is transferable to other resource industries and large earthworks related infrastructure projects across Canada and the United States.

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 mine 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 40 years. The longevity of our customer relationships reflects our ability to deliver a strong award winning safety and performance record, a well-maintained, highly capable fleet 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.

Operational flexibility

The combination of our onsite fleet and our existing 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 the majority of major sites 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.

Vision

The heavy construction and mining contractor that:

- Everyone wants to work for;
- Everyone wants to hire; and
- Everyone wants to own.

Mission

To grow the long term wealth of our shareholders, by leading our industry, in the provision of best value construction and mining services to our customers, while maintaining a strong employee base and financial position.

Core Values

Our Leadership is committed to our core values:

- ***Everyone Gets Home Safe*** - We are committed to providing safe and healthy working conditions for all our personnel, customers and subcontractors so that we can ensure that “everyone gets home safe”.
- ***Ethics, Integrity and Respect*** - We exercise the highest level of professional and ethical behavior, demanding an uncompromising level of integrity, honesty and fairness, while conducting ourselves with candour and respect.
- ***Operational Excellence*** - We have a passion for the pursuit of operational excellence, continually looking for opportunities to improve on our value proposition for our customers, while seeking to maximize shareholder value.
- ***Our People, Our Culture*** - We are proud of our people and our people take great pride in what they do. We actively build a diverse, collaborative and inclusive work environment where our team is encouraged to innovate, supported in the realization of their full potential, and rewarded for outstanding performance and results.
- ***First Nations Collaboration*** - We are committed to the early involvement and collaborative participation of First Nations communities. We are proud of our record of success, and will continue to nurture and support the fabric and future of the communities in which we work.
- **Regard for the Environment** - We exercise the highest standards of care possible to ensure our operations are in full compliance with all applicable environmental standards, regulations and laws.

Our Strategy

Our primary goal is to grow our shareholder value through being an integrated service provider of choice for the developers and operators of resource-based industries in a broad and often challenging range of environments and to leverage our equipment and expertise to support the development of infrastructure projects across both Canada and the United States. We will continue to focus on this goal through 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.
- **Grow our core business:** We intend to continue the enhancement of our relationships with new and existing customers to win an increased share of the services outsourced in connection with their projects. We intend to expand our footprint with our existing customers, leveraging new opportunities in our long-term customer agreements along with project efficiencies and cost savings that will benefit the outcome for both our customers and ourselves.s
- **Grow our revenue diversity:** We intend to leverage strategic partnerships, our equipment and expertise to secure heavy or light civil construction contracts for major resource or infrastructure projects across Canada or in the United States. In addition, with the returning SAGD investment commitments from our customers and the reduction in civil construction competition in the SAGD market, we intend to secure civil construction contracts on SAGD projects in the Alberta oil sands.s
- **Pursue service expansion:** We intend to increase our revenue growth and diversity through marketing of our industry leading expertise in heavy equipment maintenance services. We intend to develop partnerships with parts and component rebuild companies that complement our maintenance services strategy and, once

completed, we intend to leverage our purpose designed and built, state of the art maintenance facility, which will be capable of handling the largest of our customers' equipment assets to grow this service offering over the coming years.

- **Further enhance our execution excellence:** We intend to further enhance our execution excellences as the oil sands economy recovers from the effects of low oil prices. We will continue to build on our industry leading fleet maintenance strategy to maximize fleet availability, leveraging our reliability programs, management systems and expertise, while further insourcing maintenance activities. In addition, we will leverage technological improvements, innovation and project execution expertise to further improve our operating efficiency, cost structure, and optimization of the life of our equipment fleet.s
- **Continue to invest in our people, expertise and leadership:** We intend to continuously build bench strength by attracting and retaining well qualified and experienced employees that build on our culture and excellence. We will continue to promote employee growth and development, leverage our performance management systems and develop leadership at all levels.
- **Grow positive free cash flow, EBIT, EBITDA, net income and earnings per share:** We intend to manage our profitability and working capital while making strategic sustaining and growth capital investments to grow the generation of positive Free Cash Flow. In addition, we intend to leverage our revenue growth and diversification, profitability enhancements and our share buy-back programs to grow our EBIT, EBITDA, net income and earnings per share.s
- **Maintain a strong balance sheet:** We intend to continue with our disciplined debt management program to increase financial capacity and flexibility, maintain a low cost of secured and unsecured debt and provide a stable base from which we can take advantage of organic growth and acquisition opportunities.s

For a discussion on our 2017 accomplishments against our strategy see the "Significant Business Events - Accomplishments against our 2017 strategic priorities" section of our annual MD&A, which section is expressly incorporated by reference into this AIF.

Significant Business Events Over the Past Three Years

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

2015

- On January 2, 2015, under the terms of our long-term overburden removal contract with Canadian Natural we completed the buyout of certain contract-specific equipment leases, the sale of contract-specific assets, and the assignment of other contract-specific equipment leases to the customer and received net proceeds of $29.4 million. The long-term contract with Canadian Natural expired on June 30, 2015.
- On June 16, 2015, Imperial Oil announced the early start-up of their Kearl mine expansion, adding 110,000 barrels per day ("bbl/d") to their existing 110,000 bbl/d initial production capacity
- On June 18, 2015, we completed normal course purchases and subsequent cancellations of 1,771,195 voting common shares purchased in the United States, primarily through the facilities of the New York Stock Exchange ("NYSE"), at a volume weighted average price of US$2.91 per share (500,000 of these voting common shares had been purchased and subsequently cancelled in the normal course, as at December 31, 2014).
- On July 1, 2015, the newly elected Alberta provincial government implemented a 20% increase to the provincial corporate tax rate.
- On July 8, 2015, we entered into the Sixth Amended and Restated Credit Agreement with our existing banking syndicate which matures on September 30, 2018, replacing the Fifth Amended and Restated Credit Agreement. The new credit agreement consisted of a $70.0 million revolving facility and a $30.0 million term loan. The new credit agreement provided a lower cost of debt, more flexible terms and an increased borrowing base.s
- On August 14, 2015, supported by $30.0 million borrowing on our Term Loan, we redeemed $37.5 million of the Series 1 Debentures on a pro rata basis for 101.52% of the principal amount, plus accrued and unpaid interest. On September 28, 2015, we repurchased $0.1 million of the Series 1 Debentures at par, plus accrued and unpaid interest in a market transaction.

NOA

- On August 29, 2015 Syncrude experienced a fire at their Mildred Lake upgrading facility which reduced short-term output by upwards of 80%. Syncrude returned to pre-fire production levels at the beginning of October, 2015.
- On September 21, 2015 Suncor acquired an additional 10% ownership of the Fort Hills [22] joint venture from Total, bringing their ownership to 50.8% and reducing Total's ownership to 29.2%. Suncor is the operator of the Fort Hills development project.
- On October 20, 2015, a new Canadian federal government was elected on a platform that included promises of increased standards for the environmental review of new and existing pipeline construction projects, more stringent carbon emission standards, a focus on "clean energy" and an economic stimulus plan with an increase in infrastructure spending.
- On November 6, 2015, TransCanada Corporation's [23] Keystone XL pipeline proposal (a pipeline intended to transport Alberta produced crude oil to Steele City, Nebraska, connecting to existing pipelines that feed the US refineries in the Gulf of Mexico) was rejected by the administration of the US government at the direction of the US President.
- On December 22, 2015, we completed normal course purchases and subsequent cancellations of 532,520 of our voting common shares purchased in Canada through the facilities of the Toronto Stock Exchange ("TSX"), at a volume weighted average price of $2.83.
- During 2015, we secured more than $75.0 million of lower cost equipment leasing capacity through our equipment leasing partners.
- On December 31, 2016 the WTI price per barrel of oil was $37.13 (US$/barrel), a drop of $16.32 per barrel from the start of the year (or a 30.5% drop) and the Canadian / US exchange rate was $0.72, a drop of $0.14 (or a 16.2% drop).

2016

- On January 19, 2016, the Canadian / US exchange rate dropped to a low of $0.69.
- On February 11, 2016 the WTI price per barrel dropped to a 13-year low of $26.21 (US$/barrel).
- On February 5, 2016 Suncor announced the successful acquisition of the outstanding common shares of Canadian Oil Sands Limited, which owned 36.74% of Syncrude Canada Limited, the joint venture owner of the Mildred Lake and Aurora mines (Suncor previously owned 12% of Syncrude). Subsequently, on April 27, 2016, Suncor announced the acquisition of a further 5% ownership interest in Syncrude with the purchase of Murphy Oil Corporation's Canadian subsidiary. Suncor now holds a 53.74% interest in Syncrude.
- On April 4, 2016, we signed the First Amending Agreement to the Sixth Amended and Restated Credit Agreement (the "Credit Facility") with our existing banking syndicate. The amendment formalized consent to redeem up to $10.0 million of the outstanding principal balance on our Series 1 Debentures and provided further flexibility in our financing needs with an increase to our capital lease limit, prescribed within the Credit Facility, from $75 million to $90 million.
- On April 27, 2016, we redeemed approximately $9.9 million of the Series 1 Debentures. Holders of record at the close of business on April 22, 2016 had their Series 1 Debentures redeemed on a pro rata basis for 100% of the principal amount, plus accrued and unpaid interest.
- On May 27, 2016, we completed normal course purchases and subsequent cancellations of 1,657,514 of voting common shares, purchased in the United States, primarily through the facilities of the NYSE, at a volume weighted average price of US$2.27 per share.
- On May 2, 2016, our Kearl Mine site team was awarded the 2015 John T. Ryan National Safety Trophy for Select Mines by the Canadian Institute of Mining, Metallurgy and Petroleum in recognition of our outstanding safety record during the 2015 calendar year. With 790,808 hours worked at the Kearl mine during 2015, we achieved a reportable injury rate of zero. Noticeably, we are the only contractor in the Canadian oil sands to have achieved this goal.

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22 Fort Hills Energy LP (Suncor Fort Hills), a limited partnership between Suncor Energy Inc. (53.06%), Total (26.05%) and Teck Resources Ltd. (20.89%). Through its affiliate, Suncor Energy Operating Inc. (SEOI), Suncor is the developer and operator of the Fort Hills project via an operating services contract.
23 TransCanada Corporation (TransCanada)

- On May 3, 2016, a major wildfire caused the largest evacuation in Alberta's history as over 88,000 residents were forced to evacuate the town of Fort McMurray. It is estimated that the fire halted approximately one quarter of Canada's oil production, equivalent to roughly 1.5 million barrels a day of bitumen and synthetic crude oil. As reported in the Canadian Press on June 15, 2016, the total lost production is estimated to be close to 28 million barrels of oil and could cost the industry upwards of $1.5 billion.

  Residents of Fort McMurray were only permitted back to their homes in a staged re-entry starting June 1 st. While we did not incur any significant losses to our equipment or facilities in Fort McMurray, our summer mine support activities in the second quarter of 2016 reflect our suspension of work across most of the oil sands for two months and then our customers' slower than expected operational re-start schedule which had a significant impact on our third quarter results. Mine sites located close to Fort McMurray, such as the Mildred Lake, Aurora, Millennium[24] and Steepbank[25] mines, which are more dependent on local workers, were slower to ramp up compared to mine sites farther from Fort McMurray such as the Kearl and Horizon mines which depend on a fly-in workforce. Work at the sites closer to Fort McMurray did not restart until early July and in some cases the work was deferred to 2017.
- On May 19, 2016, S&P Global Ratings ("S&P") [26] affirmed our "B" long-term corporate credit rating and improved their financial risk profile on us from "aggressive" to "intermediate". S&P stated that the revision reflects their assessment of our lower adjusted debt, with prepayments of unsecured debt and spending flexibility, which allows us to reduce capital spending to maintenance levels without compromising our operating efficiency. S&P also stated that the stable outlook reflects their view that our financial risk profile will have ample cushion at the "B" rating level (For a complete discussion on our Debt Rating and the meaning of S&P's ratings, please see "Description of Securities and Agreements - Debt Ratings" in this AIF).
- On July 28, 2016 we were presented with the Alberta Mine Safety Association ("AMSA") 2015 Award of Safety Excellence. AMSA is an organization made up of mining, quarrying and oil sands industry companies, covering over 30 mines throughout the province.
- On August 26, 2016, we signed the Second Amending Agreement to the Sixth Amended And Restated Credit Agreement (the "Credit Facility") with our existing banking syndicate. The amendment allowed for the redemption of the $10.0 million outstanding principal balance of our Series 1 Debentures.
- On September 30, 2016, we redeemed the remaining $10.0 million outstanding balance of our Series 1 Debentures. Holders of record at the close of business on September 26, 2016 had their Series 1 Debentures redeemed for 100% of the principal amount, plus accrued and unpaid interest.
- On October 13, 2016, the Red River Valley Alliance, a consortium including Acciona [27], Shikun Binui [28], InfraRed Capital Partners [29], and North American Enterprises Ltd. (a subsidiary of North American Energy Partners Inc.) was short listed for the Fargo-Moorhead Flood Risk Management Project. The project is based in the flood plains of Fargo, North Dakota and Moorhead, Minnesota, creating a flood diversion for the Red River that flows north into Winnipeg, Manitoba. The Red River Valley Alliance is one of four consortium's short listed for a significant portion (approximately US$800 million), of the estimated US$2.2 billion comprehensive project.

24 Millennium mine, owned and operated by Suncor Energy Inc.
25 Steepbank mine, owned and operated by Suncor Energy Inc.
26 Standard and Poor's Ratings Services ("S&P"), a division of The McGraw-Hill Companies, Inc.
27 Acciona Concesiones S.L is a wholly-owned subsidiary of Acciona S.A. (Guarantor), a company listed on the Spanish IBEX 35 Index. Acciona Concesiones undertakes the development, design, construction, financing, management and operation of transportation and social infrastructure.
28 Shikun & Binui Concessions USA, Inc. ("SBC USA") is the U.S. infrastructure development subsidiary of Shikun & Binui Ltd., the Guarantor for SBC USA. SBC USA has proven its ability to secure contracts for P3 projects successfully under various concession schemes - including availability payments and revenue risk concessions - and in various market conditions.
29 InfraRed Capital Partners Limited is a leading global venture capital firm specializing in infrastructure and real estate investments.

- On October 21, 2016, we were awarded a multi-year master services agreement with a major oil sands operator for the performance of reclamation, overburden removal, mine support services and civil construction activities. The long-term agreement runs through to December 31, 2020 and covers services for both oil sands mining and steam assisted gravity drainage projects on all the oil sands operator's sites in the Alberta oil sands. We had previously performed mine support and construction services for this oil sands operator under a 5-year agreement that covered two mines that supported one base oil sands operation, whereas the new agreement incorporates a second oil sands mining operation being constructed (estimated late 2017 production) and also incorporates the customer's operating SAGD sites.
- On November 15, 2016, we completed normal course purchases and subsequent cancellations of 1,075,900 of voting common shares, purchased in Canada through the facilities of the TSX at a volume weighted average price of $3.84 per share.
- On November 29, 2016, the Canadian federal government announced the approval for the construction of the Kinder Morgan [30] Trans Mountain pipeline expansion (twinning the existing pipeline running from Edmonton, Alberta through British Columbia to the Pacific Ocean and tripling the system capacity). In the same announcement, the Federal government:
    - Approved the Enbridge "Line 3 Replacement" project, replacing large segments of the aging 1,660-kilometer pipeline running between Hardisty, Alberta and Superior, Wisconsin, after a year of regulatory review. However, the project continues to encounter roadblocks in the approval of the US segment of the project. The project is projected to achieve initial capacity of 760,000 barrels per day when commissioned in 2019.
    - Rejected the construction of the Northern Gateway pipeline project (proposed to carry crude oil from Alberta to the Pacific Ocean across the northern region of British Columbia).
- On November 30, 2016, the Organization of the Petroleum Exporting Countries ("OPEC") announced their planned 1.2 million bbl/d reduction of oil output, to be achieved by January 2017.
- During 2016, we increased our common shares held in our trust agreement to 2,213,247 shares held as at December 31, 2016 from 1,256,803 shares held at December 31, 2015. We used $3.7 million in cash for these purchases during 2016. These shares are classified as treasury shares on our balance sheet and held for the purpose of settling certain stock-based compensation plans that vest in future periods.
- On December 31, 2017 the WTI price per barrel of oil was $53.75 (US$/barrel) and the Canadian / US exchange rate was $0.74.

2017

- On January 1, 2017, the Alberta provincial government implemented the first phase of their new climate plan, which includes a carbon pricing regime coupled with an overall emissions limit for the oil sands. The climate plan places some certainty on the future greenhouse gas (GHG) costs, while the limit on oil sands emissions anticipates that companies will be forced to ensure only the most profitable and efficient projects are developed.
- On January 24, 2017, the new President of the United States approved by executive order the TransCanada XL Keystone pipeline (to the US gulf coast). The project, which had been rejected under the previous US government after more than seven years of delays, has projected pipeline capacity of 830,000 barrels per day of crude oil carried from Alberta to Steele City, Nebraska. The project is still undergoing state permitting review for the proposed route and continues to face legal challenges from special interest groups.
- On February 1, 2017, we announced the renewal of a 5-year master services agreement on a sole sourced, negotiated basis with a major oils sands operator for the performance of reclamation, overburden removal, mine support services and civil construction activities.
- On March 14, 2017 an explosion and fire shut down Syncrude Canada Limited's (Syncrude) Mildred Lake upgrader. The repairs, coupled with the acceleration in timing of planned fall maintenance work extended the mine's full ramp up into the third quarter of 2017.
    - As a result of this explosion and shutdown, our significant overburden removal contract with this client was cancelled.

30 Kinder Morgan Inc., owner of the of the Trans Mountain Pipeline System.

- On March 14, 2017, S&P Global Ratings ("S&P") affirmed our "B" long-term corporate credit rating. At the same time, they affirmed our "intermediate" standing for their financial risk profile. S&P stated that the stable outlook reflects their view that our financial risk profile will have ample cushion at the "B". For a discussion of our debt ratings, see the "Description of Securities and Agreements - Debt Ratings" in this AIF.
- On March 15, 2017, we issued $40.0 million in aggregate principal amount of 5.50% convertible unsecured subordinated debentures which mature on March 31, 2024. We pay an annual interest rate of 5.50%, payable semi-annually on March 31 and September 30 of each year, commencing September 30, 2017.
- On April 1, 2017, we entered into a partnership agreement with Dene Sky Site Services Ltd. ("Dene Sky"), a private First Nations business based in Janvier, Alberta. Our subsidiary, North American Enterprises Ltd., was issued a 49% interest in the partnership while Dene Sky was issued a 51% interest. The partnership is carrying on business under the name "Dene North Site Services" and operates primarily in Northern Alberta.
- On May 9, 2017, a new British Columbia provincial government was elected. The new government ran on a platform that included challenging the construction of the TMX pipeline project along with major infrastructure projects in the province.
- On May 17, 2017 Cenovus Energy Inc. completed its acquisition of the ConnocoPhillips assets. Cenovus primary focus in the oil sands is the steam assisted, gravity drainage (SAGD) extraction method projects.
- On May 31, 2017 Canadian Natural Resources Limited (Canadian Natural) completed the acquisition of a 70% working interest in the Athabasca Oils Sands project (AOSP); including 70% of the Scotford upgrader and the Quest Carbon Capture and Storage project (minority interest - Chevron Canada Limited 20% / Shell Canada Limited 10%). AOSP's holdings included the Muskeg River and Jackpine mines, which will now be operated by Canadian Natural.
- On June 6, 2017, we were awarded a contract to provide mine support services at the Fording River coal mine in southeast British Columbia.
- On August 1, 2017, we entered into a new credit facility agreement (the "Credit Facility") with a banking syndicate led by National Bank of Canada, replacing our previous Sixth Amended and Restated Credit Agreement (the "Previous Credit Facility"). The Credit Facility provides borrowings of up to $140.0 million with an ability to increase the maximum borrowings by an additional $25.0 million, subject to certain conditions (an increase from the $70.0 million revolver and $30.0 million term loan of the Previous Credit Facility). This facility matures on August 1, 2020, with an option to extend on an annual basis. The Credit Facility also allows for a capital lease limit of $100.0 million (an increase from the $90.0 million limit under the Previous Credit Facility).
- On August 25, 2017, Hurricane Harvey made landfall in Houston, Texas. The damage to US refineries in Texas and the related shutdown of refining capacity led to an exponential expansion of US oil exports to a peak of 2.1 million barrels per day (last week of October 2017), compared to a trend closer to 1.0 million barrels per day in the first half of the year. The fourth quarter 2017 average US oil export of 1.5 million places US oil exports higher than six of the fourteen OPEC countries.
- On September 7, 2017, our "NAE Transportation Partners" consortium was shortlisted (one of three) in the bidding process for the estimated $175 million public, private partnership ("P3") project to build, finance, operate and maintain a 97-kilometer all-season gravel highway in the southern Northwest Territories (the Tlicho All-Season Road Project). Our bidding partners in our consortium are Eiffage Canada[31] and LaPrairie Group of Companies [32]. Bids are due in August, 2018, with the project award anticipated late in 2018.
- On September 20, 2017, we announced the award of a three year term contract, which includes a two year extension provision to provide mine support services on Highland Valley Copper Mine in British Columbia.

31 Eiffage Canada is a French global leading contractor (ranked # 17 ENR 2014), operating through five business lines: concessions and public-private partnerships (P3), construction, public works, energy and metal.

32 LaPrairie Group of Companies is 100% Canadian owned and offers full-service contracting, road and bridge maintenance, road construction, and mining services.

- On October 5, 2017, TransCanada[33] terminated their proposed Energy East pipeline (to Atlantic Canada) after it was announced that the project would be subjected to a new round of intense review by the National Energy Board as a result of new standards initiated by the federal government.
- On October 31, 2017 we announced a change in our Board of Director and Management structure.
    - Martin R. Ferron assumed the role of Chairman of the Board, in addition to his role as Chief Executive Officer, taking over from Ronald A. McIntosh who stepped down from his Chairman role.
    - Joseph C. Lambert assumed the role of President in addition to that of Chief Operating Officer, taking over from Martin R. Ferron who stepped down from his President role.
    - Bryan D. Pinney assumed the role of Lead Director of the Board.
- On November 30, 2017, OPEC announced that they had reached an agreement with Russia, a non-OPEC country, to jointly cut their oil production by 1.8 million barrels per day for 2018. At the same time, Nigeria and Libya, two OPEC members, agreed to cap their oil production at 2017 levels for 2018.
- During 2017, we used $15.0 million in cash to purchase and subsequently cancel a total of 2,625,557 common shares in the normal course. The current year NCIB programs have reduced our outstanding common share balance to 25,452,224 (net of treasury shares) as at December 31, 2017.
- During 2017, we used $4.7 million in cash for the purchase of treasury shares bringing our balance of common shares classified as treasury shares to 2,617,926, as at December 31, 2017.
- During 2017, we expanded our service offerings to include heavy equipment maintenance for our customers. Maintenance has become one of our real core competencies and customers are trending towards rebuilding existing equipment rather than buying new.
    - To support this expansion of our services into heavy equipment maintenance, our Board of Directors recently approved $28 million of growth capital expenditure to purpose design and build a new maintenance facility near Edmonton, Alberta. This new facility will allow us to replace our current leased maintenance facility near Edmonton, Alberta and provides enough space to allow us to also consolidate our office staff from our current leased office space. Our plan is to be fully up and running in this facility by very early 2019.
- On December 31, 2017 the WTI price per barrel of oil was $60.46 (US$/barrel) and the Canadian / US exchange rate was $0.80.
    - On May 4, 2017, the Canadian / US exchange rate dropped to a low of $0.73, while on June 21, 2017, the WTI price per barrel dropped to a low of $42.48 (US$/barrel).

Subsequent to 2017

- On January 1, 2018, the Alberta provincial government implemented the second phase of their new climate plan, which includes a carbon pricing regime coupled with an overall emissions limit for the oil sands.
- On January 29, 2018, Suncor announced that they had achieved continuous operations at the Fort Hills mine for the first of three mine train from secondary extraction. The mine's production is expected to ramp up to 90% of the 194,000 barrels per day capacity by late 2018.s
- On January 30, 2018, Suncor announced that it will proceed with the phased implementation of 150 autonomous haul trucks at their company-operated mines, starting with the North Steepbank mine. These autonomous haul trucks, are expected to replace approximately 33% of Suncor's current haul truck fleet over the next six years. Autonomous haul trucks are best suited for ore handling applications due to the consistency of the load and the predictability of the route, while many earthmoving activities that we perform, such as tailings pond related mature fine tailings ("MFT") hauling, are not suitable applications for automation.

33 TransCanada Corporation (TransCanada)

NOA

- In early 2018, the gap between Western Canada Select, the price of Alberta heavy crude compared to WTI or Brent pricing (the "differential") reached a four year high of more than a $30.00 discount against the WTI price per barrel. The differential is driven by the dependence on limited pipeline capacity or the use rail cars to transport the increasing production levels of heavy crude from Alberta to major markets.
- On February 12, 2018, Suncor announced the agreement to acquire Mocal Energy Limited's 5% interest of Syncrude Canada Limited. Suncor now holds a 58.74% interest in Syncrude.

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.

D. PROJECTS, COMPETITION AND MAJOR SUPPLIERS

Active Projects

Suncor: Steepbank Mine, Millennium Mine and Fort Hills Mine (in development)

Suncor's current mining operation includes the Steepbank, Millennium and Fort Hills mines, which have a current combined average production capacity of approximately 500,000 bbl/d[34]. Suncor is focusing their expansion efforts on the Fort Hills mine development project, which achieved continuous operations on the first of three mine trains from secondary extraction in early 2018 and is expected to achieve 90% of its planned production capacity of 194,000 bbl/d by late 2018[35]. Suncor owns 53.06% of the Fort Hills project (Total E&P Canada Ltd. owns 26.05% and Teck Resources Limited owns 20.89%).

In October 2016, we were awarded a five-year long-term services agreement to provide reclamation, tailings pond maintenance, overburden removal, civil construction, mine services and site services at Suncor’s Steepbank, Millennium, and Fort Hills mines in addition to Suncor's SAGD projects in the oil sands. The agreement expires on December 31, 2020. This replaced a previous long-term agreement covering services for Suncor's Steepbank and Millennium mines, which expired on September 30, 2016.

In 2017, we provided mine support, reclamation, civil construction and overburden removal service to support Suncor's efforts to manage their cost of operations while maximizing their mine production. Work authorizations are issued for projects under both time-and-materials and unit-price arrangements.

We were recently awarded another season of winter mine services work, performing overburden removal, tailings pond maintenance and reclamation activities for this customer, under our long-term agreement. Oil sands tailings are the remaining water, clay, silt, sand and residual hydrocarbons left after the majority of the hydrocarbons are extracted from the ore during the water-based bitumen extraction process. Our tailings pond maintenance and reclamation work with Suncor is in support of their Tailings Reduction Operation initiative to accelerate their tailings pond performance, reducing the overall tailings pond footprint requirements of their production process.

Suncor recently announced that they would be introducing a fleet of automated haul trucks, replacing approximately 33% of their existing large capacity ore hauling truck fleet. We have provided operational support services to Suncor for over thirty years with a fleet of smaller, cheaper and more flexible trucks to perform a variety of important tasks that keeps their mines operating. We believe that Suncor's haul truck automation plans will not affect the demand for our services and may in fact benefit us as the shrinking population of well-trained Fort McMurray based equipment operators will be bolstered by those operators that come available with the introduction of automated haul trucks.

Syncrude: Mildred Lake Mine and Aurora Mine

Syncrude's current mining operations include the Mildred Lake and Aurora mines, which have a current combined production capacity of approximately 350,000 bbl/d[36]. Further expansions have been announced for a stage 3 de-bottlenecking project, which could potentially add an additional capacity of 75,000 bbl/d[37]. As discussed in "Significant Business Events Over the Past Three Years", Suncor recently bought out Canadian Oil Sand's, and their 36.74% ownership of Syncrude. In addition, Suncor bought Murphy Oil Corporation's Canadian subsidiary's 5% ownership in Syncrude and Mocal Energy Limited's 5% ownership in Syncrude. Suncor now holds a 58.74% interest in Syncrude, partnered with Imperial Oil Resources, the operator (25%), Sinopec Oil Sands Partnership (9.03%), and Nexen Oil Sands Partnership (7.23%).

34 As reported in the Alberta Oil Sands Industry - Winter 2016 quarterly update published on December 20, 2016.
35 Ibid.
36 Ibid.
37 Ibid.

In August 2015, Syncrude awarded us a new five-year long-term services agreement for the Mildred Lake and Aurora mines, which enables us to perform various types of civil construction projects, overburden removal, reclamation and mine support services for this customer. The agreement expires on August 31, 2020. Construction work authorizations are issued for projects under both time-and-materials and unit-price arrangements.

In 2017, we executed various civil construction projects and provided mine support services at both the Mildred Lake and Aurora mines under the agreement. In early 2017 we were awarded a large volume of overburden removal work with this customer, however this contract was cancelled due to a plant fire experienced by the customer in March 2017 at the Mildred Lake mine. We were recently awarded winter reclamation activities at the Mildred Lake mine that will extend into the spring break-up period of 2018.

Our Dene North partnership was awarded a complex civil construction and pipe installation job at the Mildred Lake mine, outside of the long-term services agreement. This work commenced in the second quarter of 2017 and was substantially completed successfully in the fourth quarter of 2017.

Imperial Oil: Kearl Mine

The Kearl oil sands project is jointly owned between Imperial Oil, operator (71%) and ExxonMobil Canada (29%). With the commissioning of the Phase 2 expansion in late 2015, the Kearl mine has reached 220,000 bbl/d in production capacity[38]. Future expansion and de-bottleneck phases are expected to increase total production capacity to 345,000 bbl/d[39].

On February 1, 2017, we entered into a new five-year long-term services agreement with Imperial Oil for the performance of reclamation, overburden removal, mine support services and civil construction activities at the Kearl site. The renewed agreement expires on January 31, 2022. This replaced a previous long-term agreement covering services for civil construction and mine support services at the Kearl site, which expired on January 2017. Our work in 2016 under this agreement included mine support and equipment rental activities.

On August 9, 2017, we entered into a five-year long-term agreement with Imperial Oil for surveying and survey related service at the Kearl site. The agreement expires on August 8, 2022. Our Dene North partnership is supporting us in the execution of this long-term contract.

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 currently has total production capacity of 197,000 bbl/d with expansion activities underway to add a further 80,000 bbl/d of production capacity by 2017[40].s

In August 2015 we were awarded a five-year long-term services agreement with Canadian Natural for mine support and civil construction activities. The agreement expires on June 30, 2020. We performed various minor mine services projects under the long-term agreement in 2016 but were not active at this mine site in 2017.s

Teck Resources Limited: Highland Valley Copper Mine

Teck's Highland Valley Copper mine, located in southern British Columbia, produces copper and molybdenum concentrates with over 30 million tonnes of reserves in the current life of the mine plan. Current planned production rates are projected to be supported by reserves and resources until 2026.

In August 2017, we were awarded a contract for Tailings construction through 2019. We commenced mobilization of our fleet to site in September 2017 and began operations in October 2017.s

38 Ibid.
39 Ibid.
40 Ibid.

Teck Resources Limited: Fording River

Teck's Fording River operation, located in southeastern British Columbia, is one of five of Teck's steel-making coal operations in the Elk Valley. The current annual production capacities of the mine and preparation plant are approximately 8.5 million and 9.5 million tonnes of clean coal, respectively. Reserves at the Fording River mine are projected to support mining at planned production rates for an additional 52 years.

In June 2017, we were awarded a contract to provide mine support services at the Fording River coal mine. We mobilized our fleet in late June 2017 with operations starting in July 2017. The contract was originally for a scope of work that was expected to be completed by December 2017; however our customer subsequently awarded us an additional scope of work that extended our expected activity at the mine well into the first half of 2018.

External Equipment Maintenance

In the current year we began to leverage our expertise in equipment maintenance by offering those services to external customers. In 2017, we completed the complete frame replacement and rebuild of two large capacity heavy haul trucks and the rebuild of multiple dozer track frames in our maintenance facility near Edmonton, Alberta. We believe that this initiative could have a discernible impact on our results in 2018 and beyond.s

Recently Completed Projects

Imperial Metals: Red Chris Copper Mine

Red Chris mine[41] is an open pit copper and gold mine located in northwest British Columbia. Annual 2017 production is targeted at 85-92 million pounds of copper and 40-45,000 ounces of gold, which is comparable to actual production levels during 2016[42]. Red Chris Development Company Ltd. (RCDC), a subsidiary of Imperial Metals, owns and operates the Red Chris mine.

In June 2016, we were awarded a civil construction contract to build the expansion of tailings dams at the copper and gold mine in Northeastern BC, to support site open pit mining activities. In the fourth quarter of 2016, we completed a scope of work relating to the construction of two tailing pond dams. During 2017 we continued to provide equipment rentals to the operator over the winter and in the fourth quarter of 2017 we completed a second scope of tailings pond dam construction at which time we demobilized from the site.

Competition

The majority of our new business is secured through formal bidding processes, including the "reverse auction" bidding process, in which we are required to compete against other suppliers. To qualify to participate in our customer's reverse auction, we must first meet customer standards for safety, reliability, scale of operations, quality of service and the availability of both equipment and labour before competing against our competitors in an on-line blind auction to secure work based on the lowest price.

Our competitive environment and customer behavior in the oil sands intensified with the pressures of the declining crude oil prices in 2014-2015. As the economy in the oil sands stabilizes, oil sands operators continue to focus on controlling costs, maintaining their challenge to their suppliers to partner with them to identify further cost savings opportunities in the operator's supply chain and as well demanding additional cost reductions across the board. This continued pressure on pricing by our customers and the past curtailment of customer investment in SAGD development projects continues to result in some competitors getting out of the space as well as stiffer competition for oil sands project tenders, with the remaining competitors. In the past year we have seen one of our competitors exit the large earthworks market, one of our competitors expand their reliance on a joint venture partnership and a third competitor in the process of being acquired by a state owned Chinese firm. These changes follow on the heels of the 2016 exit of a large heavy equipment rental company from the oil sands.

The competition outside of the oil sands remains equally competitive, while our customers continue to increase the number of competitors on the bid list, in efforts to achieve lower pricing. In some cases we are seeing willingness from the customer to entertain alternate pricing arrangements such as “risk/reward” agreements, where the customer is willing to share in some of the risks, provided there is corresponding costs savings to warrant taking on such risks.

41 Red Chris Mine, owned and operated by Red Chris Development Company Ltd. (RCDC), a subsidiary of Imperial Metals.
42 As reported in the Alberta Oil Sands Industry - Winter 2016 quarterly update published on December 20, 2016.

Our principal competitors in the larger earthworks scopes include Klemke Mining Corporation/Thiess Joint Venture, Aecon Group Inc., G/K Joint Venture (Graham/Klemke Mining), Ledcor Construction Limited, Peter Kiewit and Sons Co. Ltd., and Thompson Bros. (Constr) LP. In underground utilities installation, Sureway Construction Ltd., Voice Construction Ltd., Ledcor Construction Limited, KBR Inc., JV Driver Projects Inc., Aecon Group Inc., Graham Construction Ltd. and Mastec are our major competitors. Competitors in the labour and equipment supply scopes include Clearstream Energy and Heavy Metal/Emeco Canada.

Major Suppliers

We have long-term relationships with the following equipment suppliers:

- Finning International Inc. (over 50 years), the Caterpillar heavy equipment supplier in Alberta for the majority of our mining fleet;
- Wajax Corporation (over 25 years), the supplier of our mining and construction Hitachi Excavators and Shovels;
- Brandt Tractor Ltd. (over 35 years), the Alberta supplier for our John Deere construction Excavators; and
- SMS Equipment Inc. (over 10 years), the Canadian supplier of a fleet of our large Komatsu mining trucks.

In addition to the supply of new equipment, each of these companies is a major supplier for equipment rentals, maintenance parts and service labour.

- Brake Supply Inc. (over 10 years), our prime supplier of mining equipment hydraulic cylinders for our Caterpillar mining equipment and an alternative supplier of powertrain components for select Caterpillar equipment.
- Hydraulic Repair and Design (over 10 years), our prime supplier of hydraulic cylinders and pumps for our Hitachi mining shovels and excavators.

We continue to work with all of our suppliers to identify shared cost savings opportunities, including opportunities to extend vendor parts reliability programs, leverage their parts supply chain, improve the cost effectiveness of vendor supplied maintenance services and reduce costs for rental equipment.

We have a tire agreement and allocations with Bridgestone along with additional tire availability from Michelin and Goodyear which have allowed us to maintain tire inventories required to keep our fleet fully operational. Our tire inventory and availability from the manufacturers is such that we do not anticipate any tire shortages. However, as the global mining and commodities markets strengthen, tire supply can be negatively affected by natural disasters, raw material shortages or unscheduled interruptions from global production facilities.s

E. RESOURCES AND KEY TRENDS

Fleet and Equipment

We operate and maintain a heavy equipment fleet, including dozers, graders, loaders, mining trucks, shovels, compactors and excavators. We also maintain a fleet of ancillary vehicles including various types of 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.

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 - Capital Resources and Use of Cash”, 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, 2017:

Category	Capacity Range	Horsepower Range	Number Owned	Number Leased
Articulating trucks	30 to 40 tons	305 - 406	5	15
Mining trucks	40 to 330 tons	476 - 2,700	84	57
Shovels	18-80 cubic yards	1,300 - 3,760	5	1
Excavators	1 to 29 cubic yards	90 - 1,944	16	34
Dozers	20,741 lbs to 230,100 lbs	96 - 850	51	26
Graders	14 to 24 feet	150 - 500	15	3
Loaders	1.5 to 16 cubic yards	110 - 690	25	10
Packers	14,175 to 68,796 lbs	216 - 315	4	—
Other heavy equipment			16	2
Total			**221**	**148**

We believe our current fleet size and mix is in alignment with the current and near-term growth expectations of equipment demands from our clients.s We complement our equipment fleet through the short-term (less than 12 months) rental of equipment to meet the demands of specific projects. Our equipment fleet is currently split among owned (55%), leased (37%) and rented equipment (8%). 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.

Facilities

Our corporate head office is located in Edmonton, Alberta with our primary administrative functions being carried out from that office as well as from our office in 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 near Fort McMurray, Alberta. The following table describes our primary facilities:

Location	Function	Owned or Leased	Lease Expiration Date
Edmonton, Alberta	Corporate head office and administrative office	Leased	6/30/2023
Acheson, Alberta	Administrative office and major equipment repair facility	Leased	11/30/2018
Fort McMurray, Alberta (Syncrude Ruth Lake site)	Regional office and large maintenance facility	Building owned, land provided	8/31/2021

In addition, we recently purchased land and are in the process of building a new purpose designed and built, state of the art maintenance facility to replace our existing maintenance facility at Acheson, Alberta. We anticipate being able to also consolidate our corporate head office and administrative office into this facility, once construction is completed (estimated late 2018) and we sub-lease our current Edmonton, Alberta office facility.s

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;
- changes in the mix of work from earthworks, with heavy equipment, to more labour intensive, light construction 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;
- the timing of project ramp-up costs as we move between seasons or types of projects;
- the timing of resolution for claims and unsigned change-orders;
- the timing of "mark-to-market" expenses related to the effect of a change in our share price on cash related stock-based compensation plan liabilities; and
- the level of borrowing under our secured and unsecured senior debt and the number of assets secured through capital leases 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; 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 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, 2017 and 2016 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.

No Defaults

Neither the Company nor its subsidiaries are in default of any obligations related to indebtedness, nor is the Company in arrears with respect to payment of dividends.

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.

Mine Safety Disclosure

Pursuant to Section 1503(a) of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, companies 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 31, 2017, the Company had no mines in the United States that were subject to regulation by the MSHA under the Mine Act.

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. We confirm that no material modifications have been made to the instruments defining the rights of holders of any class of registered securities.

Capital Structure

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

On August 14, 2017, we commenced a Normal Course Issuer Bid ("NCIB"), which authorizes us to purchase up to 2,424,333 common shares through the facilities of the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE"). A limit of 1,460,089 of the total number of common shares can be purchased on the NYSE to comply with relevant securities laws, which represents 5% of the issued and outstanding common shares. As at December 31, 2017, a total of 1,142,762 common shares, at a weighted average price of $4.98 per share, have been purchased and subsequently cancelled in the normal course.

On August 7, 2017, we completed our previously announced NCIB cancelling a total of 1,482,795 common voting shares under that NCIB at a weighted average price of $6.26 per share.

On November 15, 2016, we completed normal course purchases and subsequent cancellations of 1,075,968 of voting common shares, purchased in Canada through the facilities of the TSX at a volume weighted average price of $3.84 per share.

On May 27, 2016, we completed normal course purchases and subsequent cancellations of 1,657,514 of voting common shares, purchased in the United States, primarily through the facilities of the NYSE, at a volume weighted average price of US$2.27 per share.

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.

Purchases of shares by the company during the year ended December 31, 2017 on the New York Stock Exchange:

Period	Total number of shares purchased	Average price paid per share ($)	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of share that may yet be purchased under the plans or programs
January 1 - 31	—	—	—	—
February 1 - 28	—	—	—	—
March 1 -31	—	—	—	—
April 1 - 30	—	—	—	—
May 1 - 31	—	—	—	—
June 1 - 30	—	—	—	—
July 1 - 31	—	—	—	—
August 1- 31	797,767	4.92	797,767	1,460,089
September 1 - 30	5,095	4.78	802,862	1,454,994
October 1 - 31	—	—	802,862	1,454,994
November 1 - 30	—	—	802,862	1,454,994
December 1 - 31	—	—	802,862	1,454,994

Purchases of shares by the company during the year ended December 31, 2017 on the Toronto Stock Exchange:

Period	Total number of shares purchased	Average price paid per share ($)	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of share that may yet be purchased under the plans or programs
January 1 - 31	—	—	—	68
February 1 - 28	—	—	—	68
March 1 -31	—	—	—	68
April 1 - 30	819,395	6.69	819,395	819,395
May 1 - 31	—	—	819,395	—
June 1 - 30	313,900	5.95	1,133,295	524,219
July 1 - 31	93,400	5.45	1,226,695	430,819
August 1- 31	256,100	5.17	1,482,795	174,719
September 1 - 30	339,900	5.29	1,822,695	2,257,152
October 1 - 31	—	—	1,822,695	2,257,152
November 1 - 30	—	—	1,822,695	2,257,152
December 1 - 31	—	—	1,822,695	2,257,152

On June 12, 2014, we entered into a trust agreement under which the trustee purchases and holds common shares until such time that units issued under the equity classified Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") long-term incentive plans are to be settled. Units granted under our RSU and PSU plans typically vest at the end of a three-year term.

As at February 9, 2018, there were 27,905,950 voting common shares outstanding, which included 2,626,548 common shares held by the trust and classified as treasury shares on our consolidated balance sheets (28,070,150 common shares, including 2,617,926 common shares classified as treasury shares at December 31, 2017). We had no non-voting common shares outstanding on any of the foregoing dates.

Additional information about our share capital as well as information about our Articles of Incorporation, By-Laws and the Canadian Business Corporations Act can be found in “Description of Share Capital” of our Registration Statement on Form F-1 (333-144222) filed with the SEC on June 29, 2007, which section is expressly incorporated by reference into this AIF.

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

Dividends

On February 19, 2014, we announced that as part of our long term strategy to maximize shareholders' value and broaden our shareholder base, the Board of Directors approved the implementation of a new dividend policy. We intend to pay an annual aggregate dividend of eight Canadian cents ($0.08) per common share, payable on a quarterly basis.

The Company paid regular quarterly cash dividends of $0.02 per share on common shares during the year ended December 31, 2017 on each of the following dates: January 6, 2017; April 7, 2017; July 7, 2017 and October 6, 2017. At December 31, 2017, an amount of $510 was included in accrued liabilities related to the dividend declared on October 31, 2017. This amount was subsequently paid to shareholders on January 5, 2018. During the year ended December 31, 2016, we paid dividends on January 23, 2016; April 8, 2016; July 8, 2016; and October 7, 2016. During the year ended December 31, 2015, we paid dividends on January 23, 2015; April 24, 2015; July 24, 2015; October 23, 2015; and December 11, 2015.

Trading Price and Volume

Our common shares are listed on the TSX and on the NYSE. As of December 31, 2017, we had 59 registered shareholders, with 27,970,970 (99.6%) of our registered shares being held in the US and 99,180 (0.4%) of our registered shares being held in Canada. These numbers are not representative of our beneficial shareholdings, however, because 99.7% of our registered shares are held by CEDE & Co, a US organization that processes transactions on behalf of the Depository Trust Company. Accordingly, most of our Canadian beneficial shareholders ultimately hold shares through CEDE & Co.

The following tables summarize the highest trading price, lowest trading price and volume for our common shares on the TSX (in Canadian dollars) and on the NYSE (in US dollars) on a monthly basis from January 2017 to January 2018:

Toronto Stock Exchange

Date	High ($)	Low ($)	Volume
January 2018	6.67	5.85	494,600
December 2017	6.68	5.23	259,300
November 2017	5.93	5.32	413,600
October 2017	5.56	4.92	304,100
September 2017	5.49	4.69	782,800
August 2017	5.34	4.52	499,700
July 2017	5.99	5.06	251,700
June 2017	6.59	5.30	706,300
May 2017	6.60	5.70	1,126,000
April 2017	7.23	6.18	2,102,800
March 2017	7.34	5.62	1,749,200
February 2017	7.48	6.60	2,170,700
January 2017	7.00	5.17	3,013,900

New York Stock Exchange

Date	High ($)	Low ($)	Volume
January 2018	5.40	4.70	761,000
December 2017	5.05	4.15	645,400
November 2017	4.65	4.10	811,800
October 2017	4.45	3.85	599,700
September 2017	4.40	3.85	1,039,000
August 2017	4.30	3.70	1,609,700
July 2017	4.55	4.10	411,100
June 2017	4.90	4.00	929,600
May 2017	4.90	4.18	1,721,800
April 2017	5.40	4.63	2,206,900
March 2017	5.50	4.25	3,010,900
February 2017	5.70	5.00	2,584,700
January 2017	5.35	3.85	2,165,400

The table below summarizes the five year annual high and low market prices for our common shares on the TSX (in Canadian dollars) and on the NYSE (in US dollars):

	New York Stock Exchange		Toronto Stock Exchange	
For the year ended December 31,	High ($)	Low ($)	High ($)	Low ($)
2017	5.70	3.70	7.48	4.52
2016	4.20	1.39	5.57	1.95
2015	3.23	1.57	3.95	2.10
2014	8.50	2.92	9.22	3.38
2013	6.22	3.37	6.45	3.32

The table below summarizes the quarterly high and low market prices for our common shares on the TSX (in Canadian dollars) and on the NYSE (in US dollars):

	New York Stock Exchange		Toronto Stock Exchange	
For the quarter ended	High ($)	Low ($)	High ($)	Low ($)
December 31, 2017 (Q4)	5.05	3.85	6.68	4.92
September 30, 2017 (Q3)	4.55	3.70	5.99	4.52
June 30, 2017 (Q2)	5.40	4.00	7.23	5.30
March 31, 2017 (Q1)	5.70	3.85	7.48	5.17
December 31, 2016 (Q4)	4.20	2.48	5.57	3.30
September 30, 2016 (Q3)	3.00	2.34	4.00	3.10
June 30, 2016 (Q2)	3.10	1.91	3.97	2.45
March 31, 2016 (Q1)	2.14	1.39	2.77	1.95

The table below summarizes the six months high and low market prices for our common shares on the TSX (in Canadian dollars) and on the NYSE (in US dollars):

	New York Stock Exchange		Toronto Stock Exchange	
For the six months ended	High ($)	Low ($)	High ($)	Low ($)
December 2017	5.50	3.70	6.68	4.52
June 2017	5.70	3.85	7.48	5.17
December 2016	4.20	2.34	5.57	3.10
June 2016	3.10	1.39	3.97	1.95

Taxation

The following information is general and security holders are urged to seek the advice of their own tax advisors, tax counsel, or accountants with respect to the applicability or effect on their own individual circumstances of not only the matters referred to herein, but also any state or local taxes.

In Canada, income tax is imposed by the federal government and all provincial governments. The primary basis for taxation in Canada is the residence of the taxpayer. Both the federal Income Tax Act and provincial tax legislation impose tax on income from all sources and most capital gains of Canadian residents, regardless of the country in which the income is earned.

Canadian federal tax legislation generally requires that a non-resident be subject to withholding tax on most forms of passive income, including dividend payments or dividends deemed to be paid to the Company's non-resident shareholders.

A resident of Canada who makes a payment to a non-resident in respect of most forms of passive income (including dividends, management fees and royalties) is generally required to withhold tax equal to 25% of the gross amount of the payment. The resident payer (NAEPI) is required to deduct the tax and remit it to the Canadian tax authorities on behalf of the non-resident. Shareholders resident in the United States will generally have this rate reduced to 15% through the tax treaty between Canada and the United States. The amounts withheld will generally be creditable for Unites States income tax purposes.

Registration Rights Agreement

At the time of our IPO, we entered into registration rights agreements with certain shareholders. The only shareholder who is still party to such agreement is 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, such shareholders have 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.

Convertible Debentures

On March 15, 2017, we issued $40.0 million in aggregate principal amount of 5.50% convertible unsecured subordinated debentures (the "Convertible Debentures") which mature on March 31, 2024.

Debt Ratings

On March 14, 2017, S&P Global Ratings ("S&P") affirmed our "B" long-term corporate credit rating. At the same time, they affirmed our "intermediate" standing for their financial risk profile. S&P stated that the stable outlook reflects their view that our financial risk profile will have ample cushion at the "B".

Counterparties to certain agreements may require additional security or other changes in business terms if our credit ratings are downgraded. Furthermore, these ratings are required for us to access the public debt markets, and they affect the pricing of such debt. Any downgrade in our credit ratings 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 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 S&P's website.

Standard and Poor's

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 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.

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;
- 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; and
- Amended and Restated 2004 Share Option Plan dated November 3, 2006. Please refer to the most recently filed management information circular 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. Under the Articles of Amalgamation and Bylaws of the Company: (a) a director may not vote on or sign any resolution to approve a material contract with the Company where that director is or would be party to such contract or has a material interest in any person who is or would be a party to that contract; (b) remuneration of directors is set by the board as a whole by resolution at a properly called meeting with the required quorum present; (c) the board has the power to borrow money on the credit of the Company, which power is not limited except as it may be limited by law, and which power may be delegated to a committee of the board, to one or more of the directors and officers of the Company or to any other person as may be designated by the board; and (d) there is no mandatory retirement age for directors. The Articles of Amalgamation and Bylaws of the Company do not impose shareholding requirements on directors, but rather such requirements are imposed by virtue of the Director and Officer Shareholding Guidelines adopted by the board which are explained in detail in our most recently filed management information circular.

Unless otherwise indicated below, the business address of each of our directors and executive officers is 26550 Acheson Road, Acheson, Alberta, T7X 5A7. As at February 9, 2018, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,365,726 common voting shares of the Company (representing approximately 8.5% of all issued and outstanding common voting shares). There is no family relationship between any of the Company’s directors or senior officers. There is no arrangement or understanding with any major shareholder, customer, supplier or other person pursuant to which any director or executive officer has been appointed to his position with the Company.

The following table sets forth information about our directors and executive officers. Ages reflected are as at February 1, 2017.

Name and Municipality of Residence	Age	Position	In Role Since
Martin R. Ferron Edmonton, Alberta, Canada	61	Chairman of the Board and Chief Executive Officer	October 31, 2017
Joseph C. Lambert St. Albert, Alberta, Canada	53	President and Chief Operating Officer	October 31, 2017
Barry W. Palmer Morinville, Alberta, Canada	56	Vice-President, Heavy Construction and Mining Operations	December 15, 2011
Robert J. Butler Sherwood Park, Alberta, Canada	57	Vice-President, Finance	April 2, 2015
Bryan D. Pinney Calgary, Alberta, Canada	65	Lead Director	October 31, 2017
Ronald A. McIntosh Calgary, Alberta, Canada	76	Director	May 20, 2004
William C. Oehmig Chattanooga, Tennessee, United States	68	Director	May 20, 2004
Thomas P. Stan Calgary, Alberta, Canada	60	Director	July 14, 2016
Jay W. Thornton Calgary, Alberta, Canada	61	Director	June 7, 2012
John J. Pollesel Edmonton, Alberta, Canada	54	Director	November 23, 2017

Martin R. Ferron is presently the Chief Executive Officer of the Corporation and was appointed Chairman of the Board on October 31, 2017. He originally joined the Corporation as President and Chief Executive Officer and as a Director of the Board on June 7, 2012. Previously, Mr. Ferron was Director, President and Chief Executive Officer of Helix Energy Solutions Inc. (“Helix”), a 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 divestitures, 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 an MBA from Aberdeen University.

Joseph C. Lambert became President of the Corporation on October 31, 2017, while also retaining his role as Chief Operating Officer which role he had held since June 1, 2013. Mr. Lambert originally 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.

Robert J. Butler became Vice President, Finance on April 2, 2015. Mr. Butler joined us as Corporate Controller in June 2008 and was promoted to General Manager, Finance on June 1, 2013. Mr. Butler's career in Finance extends over 30 years with roles of increasing responsibility with extensive experience leading accounting and financial reporting teams and overseeing the design and implementation of internal financial controls, processes and reporting systems. Previously, Mr. Butler served as Director, Finance for Lafarge Canada Inc., Aggregates and Concrete Division. Mr. Butler holds a Chartered Professional Accountant ("CPA,CGA") designation, a Bachelor of Arts degree in Economics from the University of British Columbia and a Diploma in Financial Management from the British Columbia Institute of Technology.

Bryan D. Pinney was appointed as the Corporation's lead independent director on October 31, 2017. He is the principal of Bryan D. Pinney Professional Corporation, which provides financial advisory and consulting services to a range of clients. Mr. Pinney has over 30 years of experience serving many of Canada's largest corporations, primarily in energy and resources and construction. Mr. Pinney was a partner with Deloitte between 2002 and 2015. Mr. Pinney served as Calgary Managing Partner from 2002 through 2007, as National Managing Partner of Audit & Assurance from 2007 to 2011, and as Vice Chair until June 2015. Mr. Pinney was a past member of Deloitte's Board of Directors and chair of the Finance and Audit Committee. Prior to joining Deloitte, Mr. Pinney was a partner with Andersen LLP and served as Calgary Managing Partner from 1991 through May of 2002. Mr. Pinney is the past chair of the Board of Governors of Mount Royal University and has previously served on a number of non-profit boards. He is also a director of a Hong Kong listed oil and gas exploration company and a large private residential construction company. He is a Fellow of the Institute of Chartered Accountants, a Chartered Business Valuator and is a graduate of the Ivey Business School at the University of Western Ontario with an honours degree in Business Administration. He is also a graduate of the Canadian Institute of Corporate Directors.

Ronald A. McIntosh served as Chairman of our Board of Directors from May 20, 2004 to October 31, 2017. From November 2009 to January 2016, Mr. McIntosh was on the board of Fortealeza Energy Inc., formerly known as Alvopetro Inc. 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.

William C. Oehmig is the principal of Kestrel Capital, LLC, an investment advisory firm based in Chattanooga, Tennessee. Mr. Oehmig was a partner at the Sterling Group and led the buyout of North American Construction Group from the Gouin family in 2003. When the transaction closed, Mr. Oehmig became one of our Directors on November 26, 2003. His 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 has served as Chairman of Royster Clark, Purina Mills, Exopack, Universal Fibers, and Sterling Diagnostic Imaging and on the boards of several portfolio companies while with Sterling. Mr. Oehmig serves on or has served on and chaired on numerous 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.

John J. Pollesel is currently the Chief Executive Officer of Boreal Agrominerals Inc., a private company that explores for, tests, develops and produces organic approved agromineral fertilizers and soil amendment products. Until November of 2017, Mr. Pollesel was Senior Vice President, Mining for Finning (Canada). Prior to Finning, he was CEO for the Morris Group of Companies. Mr. Pollesel has more than 26 years of experience in the mining industry. He has been a member of several executive teams responsible for operations, engineering/projects, finance/administration, strategic planning and leading organizational transformation. In his previous role as Chief Operating Officer for Vale's North Atlantic Operations, Mr. Pollesel was responsible for one of the largest mining and metallurgical operations in Canada. Prior to Vale, he was the Chief Financial Officer for Compania Minera Antamina in Peru, one of the largest copper/zinc mining and milling operations in the world. He has chaired Finance, Audit, HSE, Compensation and Advisory Committees in addition to holding director positions at Northern Superior Resources, Calico Resources Corporation and numerous not-for-profit organizations. He holds an Honours BA in

Accounting and an MBA from the University of Waterloo and Laurentian University respectively. He is a Certified Public Accountant, Certified Management Accountant and a Fellow of CPA Ontario and the Society of Management Accountants of Ontario.

Thomas P. Stan has served as a board member on a number of public and private Corporations and is currently the President and CEO of Corval Energy Ltd., a Calgary, Alberta based oil company focused on exploration and production in Manitoba and Saskatchewan. Previously, Mr. Stan has held positions as Managing Director of Investment Banking at Desjardins Capital Markets and Blackmont Capital Markets, President and CEO of Phoenix Energy Ltd. and Sound Energy Trust, and Chairman and CEO of Total Energy Services Ltd. Mr. Stan began his career at Suncor and spent 16 years at Hess Corporation as Vice President Corporate Planning. After Petro Canada acquired Hess Canada he became Vice President of Corporate Development of Petro Canada. Mr. Stan received his Bachelor of Commerce degree in Finance and Economics from the University of Saskatchewan.

Jay W. Thornton became one of our Directors on June 7, 2012. Mr. Thornton has over 30 years of oil and gas experience, most recently as a partner with Novo Investment Group, an investment firm specializing in the oil and gas industries. He spent the first part of his career in various management positions with Shell Canada Inc. Mr. Thornton joined Suncor Energy, Canada's largest integrated energy company, where he spent 12 years in various operating and corporate executive positions, including 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 the Canadian Association of Petroleum Producers, the Canadian Petroleum Products Institute, and currently sits on the board of Obsidian Energy Ltd., a publicly traded Canadian oil and gas company. Mr. Thornton is a graduate of McMaster University with an Honours degree in Economics. He is also a graduate of the Canadian Institute of Corporate Directors.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Ronald McIntosh was a director of Forteleza Energy Inc. ("Forteleza") formerly known as Alvopetro Inc. ("Alvopetro") from November of 2009 to January of 2016. 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 Forteleza and its assets and allowing Forteleza to prepare a plan of arrangement for its creditors if necessary. Forteleza took such steps in order to enable Forteleza to challenge a reassessment issued by the Canada Revenue Agency ("CRA"). As a result of the reassessment, if Forteleza had not taken any action, it would have been compelled to immediately remit one half of the reassessment to the CRA and Forteleza did not have the necessary liquid funds to remit, although Forteleza had assets in excess of its liabilities with sufficient liquid assets to pay all other liabilities and trade payables.

Forteleza believed that the CRA's position was not sustainable and vigorously disputed the CRA's claim. Forteleza 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 Forteleza 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 Forteleza due to Forteleza 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 Forteleza 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 Forteleza 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 Forteleza closed the sale of substantially all of its oil and gas assets. As a result of the sale Forteleza was delisted from the TSX on March 30, 2011 as it no longer met minimum listing requirements.

William 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 allw 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.

Jay Thornton is a director of Obsidian Energy Ltd., which was previously named Penn West Petroleum Ltd. ("Penn West"). On August 5, 2014, the Alberta Securities Commission and Ontario Securities Commission both granted Penn West, upon Penn West's application, management cease trade orders in relation to a review of Penn West's accounting practices and restatement of its financial statements. Those cease trade orders are no longer in effect as of September 23, 2014.

John Pollesel is a director of First Cobalt Corporation (“First Cobalt”). First Cobalt announced on June 21, 2017 that it had proposed a friendly merger with Cobalt One Ltd. (“Cobalt One”) and CobalTech Mining Inc. (“CobalTech”). At that time, First Cobalt signed letters of intent with each of Cobalt One and CobalTech and requested the TSX Venture Exchange to temporarily halt trading of its shares. The TSX Venture Exchange approved the resumption of trading as of August 28, 2017.

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

Corporate Governance

Our board supervises the management of our business as provided by Canadian law. We have reviewed the New York Stock Exchange corporate governance rules and confirm that our corporate governance practices are not significantly different from those required of domestic companies, under the New York Stock Exchange's listing standards, which require that our board of directors be composed of a majority of independent directors. Accordingly, a majority of our board members are independent. None of our directors have service contracts with the Company providing for benefits upon termination other than Martin R. Ferron, who has an employment contract relating to his role as CEO. Please refer to our most recently filed management information circular for details of Mr. Ferron’s employment contract.

We have 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 of our Company, including our President, our Chief Executive Officer, our Chief Operating Officer, our Vice President, Finance and our Vice President Heavy Construction and Mining. The Code of Conduct and Ethics Policy is available for viewing on our 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 year ended December 31, 2017 that applied to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Further, there not any waivers, including implicit waivers, granted from any provision of the Code of Conduct and Ethics Policy during the year ended December 31, 2017, that applied to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

For a complete discussion of our Corporate Governance, see our most recently filed "Management Information Circular - Corporate Governance", which section is expressly incorporated by reference into this AIF.

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. Bryan Pinney 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 and is also available on our website at www.nacg.ca. The Audit Committee is currently composed of Messrs, Pinney, McIntosh, Pollesel and Stan, with Mr. Pinney 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 ("KPMG"). Our Audit Committee pre-approved the engagement of KPMG to perform the audit of our financial statements for the year ended December 31, 2017. Our Audit Committee has the sole authority to review in advance, and grant any appropriate pre-approvals of all audit and non-audit services to be provided by the independent auditors and to approve fees, in connection therewith. The Audit Committee pre-approved all audit and non-audit related services provided by KPMG LLP in 2017. The fees we have paid to KPMG for services rendered by them include:

- Audit Fees – KPMG billed us $584 and $512 for audit fees during the years ended December 31, 2017 and 2016, respectively. Audit fees were incurred for the audit of our annual financial statements, the audit of internal controls over financial reporting and the quarterly interim reviews of the consolidated financial statements.
- Audit Related Fees – KPMG billed us $22 and $nil for audit related fees during the years ended December 31, 2017 and 2016, respectively. Audit related fees in 2017 include fees related to preparation for the adoption of the new revenue standard.
- Tax Fees - No income tax advisory and compliance services fees were incurred for the years ended December 31, 2017 and 2016, respectively.
- Other Fees - No other fees were incurred for the years ended December 31, 2017 and 2016, 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 composed of Messrs, Stan, Oehmig, Pinney and Thornton, with Mr. Stan 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 2017 on a board of directors of another entity which has employed any of the members of the Human Resources and Compensation Committee.

Operations Committee

The Operations 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, including 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, and making recommendations to the Board of Directors regarding corporate governance matters and practices. It is also 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, 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 CEO, and reviewing and monitoring all insurance policies including directors and officer's insurance coverage.

In accordance with the listing requirements of the New York Stock Exchange applicable to domestic listed companies and applicable Canadian securities laws, the Board of Directors has affirmatively determined that the Operations Committee is composed solely of independent directors. Our Board of Directors has adopted a written charter for the Operations Committee that is available on our website at www.nacg.ca. The Operations Committee is currently composed of Messrs, Oehmig, McIntosh, Pollesel, Stan and Thornton, 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. Our expectation that demand for recurring operations support services will increase as our customers continue to maximize their production performance through de-bottlenecking efforts, capacity expansions and the recent development of the Fort Hills mine.
2. The expectation that oil sands production will experience slower growth after a rebound in 2017.
3. The belief that the gap in the price of Western Canada Select price per barrel compared to the benchmark WIT price per barrel is widening.
4. The expectation that rail loading capacity in Western Canada will grow through the next 10 years, providing a short-term solution to the delays in pipeline construction needed to transport the projected oil sands production growth.
5. The anticipation that there will not be a large slowdown in demand for operations support services.
6. The expectation that our customers will continue their focus on maximizing production while continuing to prioritize operating and capital spending discipline.
7. The belief that we can generate cost savings that both we and our customers can share in.
8. The belief that we have the operational flexibility to quickly respond to changes in our customers' operational support requirements.
9. The anticipation that 2017 oil sands capital spending activity levels in the mining area are likely to remain robust with the majority of capital spending reductions focusing on construction cost reductions rather than further project deferrals.
10. The belief that investments in the oil sands mining area are likely to continue to drive demand for construction services and provide additional bidding opportunities, but that 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 will remain competitive.
11. Our expectation to competitively bid on revenue diversification opportunities outside of the Canadian oil sands both individually and with strategic partners whose service offering compliments are own competitive strengths.
12. Our belief that 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 and other remote resource development locations and that this advantage will allow us to successfully provide similar services to large-scale earthworks infrastructure and resource development projects in both Canada and the United States.
13. Expectations about various customers’ future mine production capacity.
14. Our belief that our initiative of offering equipment maintenance services to external customers could have a discernible impact on our results in 2018 and beyond.
15. The anticipation that we will not experience a tire shortage due to our inventory levels.

16. Our belief that our current fleet size and mix is in alignment with the current and near-term growth expectations of equipment demands from our clients.

17. The expectation that we will be able to also consolidate our corporate head office and administrative office into our new facility once construction is completed and that we will be able to sub-lease our current Edmonton, Alberta office facility.

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. The oil sands continuing to be an economically viable source of energy;

2. The demand for our service offerings remains strong;

3. Our customers and potential customers continuing to invest in the oil sands, other resource developments and provincial infrastructure projects and to outsource activities for which we are capable of providing services;

4. Our ability to benefit from mine support services revenue and projected development revenue tied to the operational activities of the oil sands;

5. The Canadian economy continuing to develop and to receive additional investment in public construction;

6. That work will continue to be required under our master services agreements with various customers;

7. Our tire contracts, allocations and inventory will meet our tire supply needs;

8. 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 and other remote resource development locations.

9. 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;

10. Our success in managing our business, maintaining and growing our relationships with customers, retaining new customers and diversifying our sources of revenue, 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;

11. 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

12. Our success in improving profitability and continuing to strengthen our balance sheet.

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 which may include 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. Presently we do not hold any derivatives or other financial instruments that are subject to market risk or that are intended to hedge market risk.

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, 2017, 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 Convertible 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, 2017, we held $32.0 million of floating rate debt pertaining to our Credit Facility (December 31, 2016 – $39.6 million). As at December 31, 2017, holding all other variables constant, a 100 basis point change to interest rates on floating rate debt will result in $0.3 million corresponding change in annual interest expense. This assumes that the amount of floating rate debt remains unchanged from that which was held at December 31, 2017.

Business Risk Factors

- ***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. A further 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.

- **Changes in our customers' perception of oil prices over the long-term or the economic viability of a new oil sands project or capital expansion to an existing project could cause our customers to defer, reduce or stop their investment in oil sands capital projects, which would, in turn, reduce our revenue from capital projects from those customers.**

  Due to the amount of capital investment required to build an oil sands project, or construct significant capital expansion to an existing project, investment decisions by oil sands operators are based upon long-term views of the economic viability of the project. Economic viability is dependent upon the anticipated revenues the capital project will produce, the anticipated amount of capital investment required and the anticipated fixed cost of operating the project. The most important consideration is the customer's view of the long-term price of oil, which is influenced by many factors, including the condition of developed and developing economies and the resulting demand for oil and gas, the level of supply of oil and gas, the actions of the Organization of Petroleum Exporting Countries ("OPEC"), government regulation, political conditions in oil producing nations, including those in the Middle East, war or the threat of war in oil producing regions and the availability of fuel from alternate sources. If our customers believe the long-term outlook for the price of oil is not favourable, or believe oil sands projects are not viable for any other reason, they may delay, reduce or cancel plans to construct new oil sands capital project or capital expansions to existing projects. Delays, reductions or cancellations of major oil sands project would adversely affect our prospects for revenues from capital projects and could have an adverse impact on our financial condition and results of operations.

- ***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 100% and 99% of our total revenue for the years ended December 31, 2017 and 2016, 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.

- **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.

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

  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.

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

  Approximately 7% of our revenue for the year ended December 31, 2017 was derived from projects that we consider to be construction services (9% and 37% for the years ended December 31, 2016 and 2015, respectively). 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 2018.

- ***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 or a deferral of our project work, which could adversely affect our results of operations in a particular quarter.

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

  Approximately 65%, 55% and 63% of our revenue for the years ended December 31, 2017, 2016 and 2015, 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.

- ***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 $1.2 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 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, 2017).

- **A drop in the global demand for heavy equipment could reduce our ability to sell excess equipment and negatively impact the market value of our fleet. A reduced fleet value could result in an impairment charge being recorded against net income and may also reduce our borrowing base under our Credit Facility.**

  As our work mix changes over time we adjust our fleet to match anticipated future requirements. This involves both purchasing and disposing of heavy equipment. If the global demand for mining, construction and earthworks services is reduced, we expect that the global demand for the type of heavy equipment used to perform those services would also be reduced. While we may be able to take advantage of reduced demand to purchase certain equipment at lower prices, we would be adversely impacted to the extent we seek to sell excess equipment. If we are unable to recover our cost base on a sale of excess heavy equipment, we would be required to record an impairment charge which would reduce net income. If it is determined that that market conditions have impaired the valuation of our heavy equipment fleet, we also may be required to record an impairment charge against net income. Further, the borrowing base of our Credit Facility is partially determined by the valuation of our heavy equipment fleet (see “Credit Facility” above). If the value of our heavy equipment fleet is lowered due to reduced global demand for heavy equipment, our borrowing base may also be reduced, thereby reducing the total amount that we may draw under our Credit Facility.

- ***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.

- ***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 large amount of current and long-term debt outstanding with associated debt service requirements. As of December 31, 2017, we had $139.0 million of Total Debt outstanding, including $67.0 million of capital leases, $32.0 million of Credit Facility revolving loans and $40.0 million for the Convertible Debentures. While we have achieved a significant reduction in both the balance and cost of our debt over the past three 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 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.

- ***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.

Risk Factors Related to the Cyber Security of Our Information Technology Systems

The Company utilizes information technology systems for some of the management and operation of its business and is subject to information technology and system risks, including hardware failure, cyber-attack, security breach and destruction or interruption of the Company's information technology systems by external or internal sources. Although the Company has policies, controls and processes in place that are designed to mitigate these risks, an intentional or unintentional breach of its security measures or loss of information could occur and could lead to a number of consequences, including but not limited to: the unavailability, interruption or loss of key systems applications, unauthorized disclosure of material and confidential information and a disruption to the Company's business activities. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences. The Company attempts to prevent breaches through the implementation of various technology-based security measures, contracting consultants and expert third-parties, hiring qualified employees to manage the Company's systems, conducting periodic audits and reviewing and updating policies, controls and procedures when appropriate. To date, the Company has not been subject to a cyber security breach that has resulted in a material impact on its business or operations; however, there is a possibility that the measures the Company takes to protect its information technology systems may not be effective in protecting against a specific breach in the future.

Risk 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.

- ***Fluctuations in the value of the Canadian and US dollars can affect the value of our common shares and 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.

- ***Our ability to pay dividends is limited by our subsidiaries' ability to distribute to us and Canadian law.***

  We only recently began to pay cash dividends on our common shares. See "Description of Securities and Agreements - Dividends". 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.

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 U.S. federal securities laws***

  We are a corporation incorporated under the Canada Business Corporations Act. 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.

L. GENERAL MATTERS

Additional Information

Our corporate office is located at 26550 Acheson Road, Acheson, Alberta, T7X 5A7. 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, 2017 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.

The Company's agent in the United States is C T Corporation, located at 111 Eighth Avenue, 13 th Floor, New York, New York, 10011 USA.

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.

"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).

"growth capital expenditures" are the plant, equipment and intangible asset 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.

"Canadian oil sands" means an area in northeastern Alberta, Canada, roughly centered on the city of Fort McMurray, where large deposits of bitumen or extremely heavy crude oil are located.

"in situ" means a mining technique of injecting water underground to dissolve bitumen and bringing the impregnated water to the surface for extraction.

"federal or provincial infrastructure projects" means federally or provincially funded projects that contribute to objectives related to economic growth, a clean environment and stronger communities.

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

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

"tailings pond" means a dam or pond that stores sand, silt, clay and water that remain following the mining and bitumen extraction process.

"Steam Assisted Gravity Drainage ("SAGD")" means a mining technique of injecting steam underground to dissolve bitumen and bringing the impregnated water to the surface for extraction.

"West Texas Intermediate ("WTI")" means a grade of crude oil used as a benchmark in oil pricing. This grade is described as light because of its relatively low density, and sweet because of its low sulfur content.

"Western Canada Select ("WCS")" means the price per barrel that Alberta oil sands producers receive compared to the benchmark WTI price per barrel.

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 member 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 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 and the external auditors.

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 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, 40-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

The Company currently outsources its internal audit work. Within this framework, the Committee will:

(a) Review management's proposed appointment or replacement of the internal auditor.

(b) 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.

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

(d) Ensure that the internal auditor has direct and open communication with the Committee in the course of internal audit work, and ensure that no unjustified restrictions or limitations are imposed on the internal auditor and that any other disagreements with management are resolved.

(e) Review the effectiveness of the internal audit function on an annual basis, including, resources, qualifications of internal audit staff, 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 reports functionally to the Chair of the Audit Committee

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 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 the 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.

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, 2017 and 2016
(Expressed in thousands of Canadian Dollars)

KPMG LLP
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control Over Financial Reporting

We have audited North American Energy Partners Inc.'s (the "Company")'s internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Report on the Consolidated Financial Statements

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2017, and 2016, the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements") and our report dated February 13, 2018 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company'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. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission

and the PCAOB and in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

February 13, 2018

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of North American Energy Partners Inc. (the "Company") as of December 31, 2017, and 2016, the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and 2016, and its financial performance and its cash flows for the years then ended, in conformity with US generally accepted accounting principles.

Report on Internal Control over Financial Reporting

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 13, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB and in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial

statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

Chartered Professional Accountants

We have served as the Company's auditor since 1998.

Edmonton, Canada

February 13, 2018

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

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Consolidated Balance Sheets

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

	2017	2016
Assets		
Current assets		
Cash	$ 8,186	$ 13,666
Accounts receivable, net (note 5 and 15(d))	47,228	40,080
Unbilled revenue (note 6 and 15(d))	21,572	15,965
Inventories	4,754	3,437
Prepaid expenses and deposits (note 7)	1,898	1,551
Assets held for sale (note 8 and 15(a))	5,642	247
	89,280	74,946
Property, plant and equipment, net of accumulated depreciation $220,320 (2016 - $204,860) (note 9)	278,648	256,452
Other assets (note 10(a))	5,177	4,876
Deferred tax assets (note 11)	10,539	13,807
Total Assets	$ 383,644	$ 350,081
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 35,191	$ 29,551
Accrued liabilities (note 12)	13,879	11,175
Billings in excess of costs incurred and estimated earnings on uncompleted contracts (note 6)	824	1,071
Current portion of capital lease obligations (note 14)	29,136	24,062
Current portion of long term debt (note 13(a))	—	8,169
	79,030	74,028
Long term debt (note 13(a))	70,065	31,266
Capital lease obligations (note 14)	37,833	37,338
Other long term obligations (note 16(a))	12,635	8,274
Deferred tax liabilities (note 11)	38,157	40,221
	237,720	191,127
Shareholders' equity		
Common shares (authorized – unlimited number of voting common shares; issued and outstanding – December 31, 2017 - 28,070,150 (December 31, 2016 - 30,518,907) (note 17(a))	231,020	252,633
Treasury shares (December 31, 2017 - 2,617,926 (December 31, 2016 - 2,213,247)) (note 17(a))	(12,350)	(9,294)
Additional paid-in capital	54,416	45,915
Deficit	(127,162)	(130,300)
	145,924	158,954
Total liabilities and shareholders' equity	$ 383,644	$ 350,081
Commitments (note 18)		
Contingencies (note 19)		

Approved on behalf of the Board

/s/ Martin R. Ferron
Martin R. Ferron, Chairman of the Board

/s/ Bryan D. Pinney
Bryan D. Pinney, Lead 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)

	2017	2016
Revenue	$ 292,557	$ 213,180
Project costs	116,346	80,023
Equipment costs	91,829	60,020
Depreciation	44,735	40,794
Gross profit	39,647	32,343
General and administrative expenses	25,299	27,222
Loss (gain) on disposal of property, plant and equipment	189	(116)
Gain on disposal of assets held for sale (note 8)	(166)	(374)
Amortization of intangible assets (note 10(b))	918	1,688
Operating income before the undernoted	13,407	3,923
Interest expense (note 20)	6,943	5,784
Other income	—	(1,375)
Foreign exchange (gain) loss	(4)	8
Income (loss) before income taxes	6,468	(494)
Income tax expense (benefit) (note 11):		
Deferred	1,204	(49)
Net income (loss) and comprehensive income (loss)	**$ 5,264**	**$ (445)**
Per share information		
Net income (loss) - basic (note 17(b))	$ 0.20	$ (0.01)
Net income (loss) - diluted (note 17(b))	$ 0.18	$ (0.01)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian Dollars)

	Common shares	Treasury shares	Additional paid-in capital	Deficit	Total
Balance at December 31, 2015	$ 275,520	$ (5,960)	$ 29,527	$ (127,469)	$ 171,618
Net loss	—	—	—	(445)	(445)
Exercised options (note 21(b))	471	—	(187)	—	284
Stock-based compensation (note 21)	—	370	2,421	—	2,791
Dividends (note 17(d)) ($0.08 per share)	—	—	—	(2,386)	(2,386)
Share purchase programs (note 17(c))	(23,358)	—	14,154	—	(9,204)
Purchase of treasury shares for settlement of certain equity classified stock-based compensation (note 17(a))	—	(3,704)	—	—	(3,704)
Balance at December 31, 2016	$ 252,633	$ (9,294)	$ 45,915	$ (130,300)	$ 158,954
Net income	—	—	—	5,264	5,264
Exercised options (note 21(b))	960	—	(385)	—	575
Stock-based compensation (note 21)	—	1,642	1,283	—	2,925
Dividends (note 17(d)) ($0.08 per share)	—	—	—	(2,126)	(2,126)
Share purchase programs (note 17(c))	(22,573)	—	7,603	—	(14,970)
Purchase of treasury shares for settlement of certain equity classified stock-based compensation (note 17(a))	—	(4,698)	—	—	(4,698)
Balance at December 31, 2017	$ 231,020	$ (12,350)	$ 54,416	$ (127,162)	$ 145,924

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

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

	2017	2016
Cash (used in) provided by:		
Operating activities:		
Net income (loss) available to common shareholders	5,264	(445)
Adjustments to reconcile to net cash from operating activities:		
Depreciation	44,735	40,794
Amortization of intangible assets (note 10(b))	918	1,688
Amortization of deferred financing costs (note 10(c), note 13(a) and note 20)	797	572
Loss (gain) on disposal of property, plant and equipment	189	(116)
Gain on disposal of assets held for sale (note 8)	(166)	(374)
Stock-based compensation expense (note 21(a))	3,995	6,030
Cash settlement of stock-based compensation (note 21(c(i)) and 21(e))	(343)	(1,211)
Other adjustments (note 10(d), note 16(b) and note 16(c))	181	97
Non-monetary other income	—	(1,375)
Deferred income tax expense (benefit) (note 11)	1,204	(49)
Net changes in non-cash working capital (note 22(b))	(7,029)	(5,780)
	49,745	39,831
Investing activities:		
Purchase of property, plant and equipment	(53,813)	(27,075)
Additions to intangible assets (note 10(b))	(66)	(304)
Proceeds on disposal of property, plant and equipment	20,790	15,182
Proceeds on disposal of assets held for sale	1,640	1,681
Issuance of loan to partnership (note 10(a) and note 24)	(969)	—
Investment in partnership (note 24)	(1,177)	—
	(33,595)	(10,516)
Financing activities:		
Repayment of credit facilities	(19,941)	(5,962)
Increase in credit facilities	11,732	16,962
Issuance of Convertible Debentures (note 13(d))	40,000	—
Financing costs (note 10(c) and note 13(e))	(2,982)	(99)
Redemption of Series 1 Debentures (note 13(c))	—	(19,927)
Repayment of capital lease obligations	(29,161)	(24,533)
Proceeds from options exercised (note 21(b))	575	284
Dividend payments (note 17(d))	(2,185)	(1,817)
Share purchase programs (note 17(c))	(14,970)	(9,204)
Purchase of treasury shares for settlement of certain equity classified stock-based compensation (note 17(a))	(4,698)	(3,704)
	(21,630)	(48,000)
Decrease in cash	**(5,480)**	**(18,685)**
Cash, beginning of year	13,666	32,351
Cash, end of year	**$ 8,186**	**$ 13,666**

Supplemental cash flow information (note 22(a))
See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2017 and 2016
(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, Canadian incorporated subsidiaries, NACGI, North American Fleet Company Ltd., North American Construction Holdings Inc. (“NACHI”) and NACG Properties Inc., and the following 100% owned, Canadian incorporated subsidiaries of NACHI as of December 31, 2017:

- North American Engineering Inc.
- North American Enterprises Ltd.
- North American Mining Inc.
- North American Services Inc.
- North American Site Development Ltd.
- North American Maintenance Ltd.
- North American Tailings and Environmental Ltd.
- 1753514 Alberta Ltd.

North American Enterprises Ltd. holds a 49% ownership interest in the assets, liabilities, revenue and expenses of a partnership agreement under the name Dene North Site Services. The Company records its share of the partnership assets, liabilities, revenues and expenses within its consolidated financial statements using the proportionate consolidation method (note 24).

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. Actual results could differ materially from those estimates.

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 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.

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 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.

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 from work performed 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 cost and net realizable value, and consist primarily of spare tires, tracks, track frames, fuel and lubricants. Cost is determined using the weighted average method.

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	Units of production	5,000 - 70,000 hours
Major component parts in use	Units of production	1,000 - 36,000 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 – 25 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) Intangible assets

Intangible assets include capitalized computer software and development costs, which are being amortized on a straight-line basis over a maximum period of four 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 costs 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 added functionality to the software.

l) Impairment of long-lived assets

Long-lived assets or asset groups held and used including property, plant and 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.

m) 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.

A long-lived asset that is newly acquired and will be sold rather than held and used is classified as held for sale if the one year requirement is met and if the other requirements are expected to be met within a short period following the asset acquisition. 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.

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. Once the Company has determined that the equipment will be disposed, and the criteria for assets held for sale are met, the unit is recorded in assets held for sale at the lower of depreciated cost or net realizable value.

n) 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. In the absence of observable market transactions, the fair value of the liability 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.

o) Foreign currency translation

The functional currency of the Company and 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.

p) 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.

q) Derivative financial instruments

The Company has used derivative financial instruments to manage financial risks from fluctuations in exchange rates. Such instruments were only used for risk management purposes. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

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

s) Tax positions

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.

t) Stock-based compensation

The Company has a Share Option Plan which is described in note 21(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 Restricted Share Unit ("RSU") Plan which is described in note 21(c). RSUs are generally granted effective July 1 of each fiscal year with respect to services to be provided in that fiscal year and the following two fiscal years. The RSUs generally vest at the end of the three-year term. The Company settles all RSUs issued after February 19, 2014 with common shares purchased on the open market through a trust arrangement ("equity classified RSUs"). The Company settled RSUs issued prior to February 19, 2014 with cash ("liability classified RSUs"). Compensation expense on liability classified RSUs was calculated based on the number of vested RSUs multiplied by the fair value of each RSU as determined by the volume weighted average trading price of the Company's common shares for the thirty trading days immediately preceding the day on which the fair market value was to be determined. The Company recognized compensation cost over the three-year term of the liability classified RSU with any changes in fair value recognized in general and administrative expenses on the Consolidated Statements of Operations. At December 31, 2017, there were no unrecognized compensation costs related to non-vested share-based payment arrangements under the liability classified RSU plan. The Company recognizes compensation cost over the three-year term of the equity classified RSUs in the Consolidated Statement of Operations, with a corresponding increase to additional paid-in capital. When dividends are paid on common shares, additional dividend equivalent RSUs are granted to all RSU holders as of the dividend payment date. The number of additional RSUs to be granted is determined by multiplying the dividend payment per common share by the number of outstanding RSUs, divided by the fair market value of the Company's common shares on the dividend payment date. Such additional RSUs are granted subject to the same service criteria as the underlying RSUs.

The Company has a Performance Restricted Share Unit ("PSU") plan which is described in note 21(d). The PSUs vest at the end of a three-year term and are subject to the performance criteria approved by the Human Resources and Compensation Committee at the date of the grant. Such performance criterion includes the passage of time and is based upon the improvement of total shareholder return ("TSR") as compared to a defined company Canadian peer group. TSR is calculated using the fair market values of voting common shares at the grant date, the fair market value of voting common shares at the vesting date and the total dividends declared and paid throughout the vesting period. The grants are measured at fair value on the grant date using the Monte Carlo model. At the maturity date, the Human Resources and Compensation Committee will assess actual performance against the performance criteria and determine the number of PSUs that have been earned. The Company intends to settle all PSUs with common shares purchased on the open market through a trust arrangement. The Company recognizes compensation cost over the three-year term of the PSU in the Consolidated Statement of Operations, with a corresponding increase to additional paid-in capital.

The Company has a Deferred Stock Unit ("DSU") Plan which is described in note 21(e). The DSU plan enables directors and executives to receive all or a portion of their annual fee or annual executive bonus compensation in the form of DSUs and are settled in cash. Compensation expense is calculated based on the number of DSUs multiplied by the fair market value of each DSU as determined by the volume weighted average trading price of the Company's common shares for the thirty trading days immediately preceding the day on which the fair market value is to be determined, with any changes in fair value recognized in general and administrative expenses on the Consolidated Statements of Operations. Compensation costs related to DSUs are recognized in full upon the grant date as the units vest immediately. When dividends are paid on common shares, additional dividend equivalent DSUs are granted to all DSU holders as of the dividend payment date. The number of additional DSUs to be granted is determined by multiplying the dividend payment per common share by the number of outstanding DSUs, divided by the fair market value of the Company's common shares on the dividend payment date. Such additional DSUs are granted subject to the same service criteria as the underlying DSUs.

As stock-based compensation expense recognized in the Consolidated Statements of Earnings is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures, based on historical experience. Forfeitures are estimated at the time of grant and revised, in subsequent periods if actual forfeitures differ from those estimates.

u) Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares outstanding during the year (see note 17(b)). Diluted 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, adjusted for dilutive share amounts. The diluted per share amounts are calculated using the treasury stock method and the if-converted method. The treasury stock method increases the diluted weighted average shares

outstanding to include additional shares from the assumed exercise of equity settled stock options, if dilutive. The number of additional shares determined using the treasury stock method 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. The if-converted method increases the diluted weighted average shares outstanding to include additional shares from the assumed conversion of convertible debentures, if dilutive. The number of additional shares is calculated by assuming the dilutive convertible shares would be outstanding for the entire period, or at the date of issuance, if later. If the convertible debentures are dilutive, the after tax interest expense related to the convertible debentures for the entire period, or from the date of issuance if later, is added back to the net income (loss).

v) 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 operating hour usage limit, above which the Company will be required to pay for the over limit 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 costs” in the Consolidated Statements of Operations.

w) Deferred financing costs

Underwriting, legal and other direct costs incurred in connection with the issuance of debt are presented as deferred financing costs. Deferred financing costs related to the issuance of the Convertible Debentures and the Previous Term Loans are included within liabilities on the Consolidated Balance Sheets and are amortized using the effective interest rate method over the term to maturity. Deferred financing costs related to the Revolver, and the Previous Revolver, are included within other assets on the Consolidated Balance Sheets and are amortized ratably over the term of the Credit Facility.

3. Accounting pronouncements recently adopted

a) Inventory

In July 2015, the Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. This accounting standard simplifies the subsequent measurement of inventory by requiring inventory to be measured at the lower of cost and net realizable value from the lower of cost or market. This standard was adopted January 1, 2017 and the adoption did not have a material effect on the Company's consolidated financial statements.

b) Accounting Changes and Error Corrections

In January 2017, the FASB issued ASU 2017-03, Accounting Changes and Error corrections (Topic 250) and investments - Equity Method and Joint ventures (Topic 323) to enhance disclosures of new accounting standards, including a comparison to current accounting policies, and the progress status of implementation.This ASU applies to ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606); ASU No. 2016-02, Leases (Topic 842); and ASU 2016-03, Financial Instruments - Credit Losses (Topic 326). This standard was effective upon issuance and has been adopted by the Company.

4. Recent accounting pronouncements not yet adopted

a) Revenue from Contracts with Customers

In May 2014, the FASB issued ASC Topic 606, Revenue from Contracts with Customers, and subsequently issued several related ASUs which provide guidance that requires an entity to recognize revenue in accordance with a five step model. Topic 606 will replace nearly all existing US GAAP revenue guidance, including industry-specific requirements, with a single comprehensive standard and significantly expands the disclosure requirements for revenue arrangements. The model is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the total consideration to which the entity expects to be entitled, during the term of the contract, in exchange for those goods or services. The new standard, as amended, will be effective for the Company for interim and annual reporting periods commencing January 1, 2018.

The standard allows the use of either a full retrospective approach with restatement of all prior periods presented, or a modified retrospective approach with a cumulative effect adjustment as of the date of initial application. The Company will adopt Topic 606 applying the modified retrospective approach to only contracts that were not completed contracts with the cumulative effect adjustment recorded to equity at January 1, 2018, subject to the allowable and elected practical expedient.

To date, the Company has assessed Topic 606 to identify accounting and disclosure gaps specific to the work performed by the Company, determined the new data requirements to identify information gaps, and systems and/or reports that require modifications, considered changes to chart of accounts to facilitate entering and tracking of required information, and mapped processes to determine required changes to policies, procedures, and controls.

The Company currently recognizes revenue on its construction contracts, which comprise the majority of overall revenue, as costs are incurred on undefined scope work and using a percentage-of-completion method for defined scope work. With respect to the undefined scope work, revenue recognition under the new standard will be materially the same as revenue recognition under the existing standard for undefined scope work. With respect to revenue recognized using a percentage-of-completion method for defined scope work, the Company uses the input method of costs incurred to measure progress towards completion as that most accurately depicts the Company's performance. As this method is permitted under the new standard, the Company will continue in its application. However, there are certain areas where the Company is quantifying the impact, if any, on its contracts that are in progress for the cumulative effect adjustment as the timing of revenue recognition may change under the new standard. These areas include identifying separate performance obligations, assessing contract modification including claims revenue, estimating variable consideration including contract incentives and penalties, and considering treatment of contract costs to obtain and fulfill a contract. There will be no changes to the treatment of cash flows and cash will continue to be collected in line with contractual terms.

The Company expects to add significant disclosures based on the prescribed requirements. These new disclosures will include information regarding the significant judgments used in evaluating when and how revenues are recognized and information related to contract assets and deferred revenues. In addition, the new guidance requires that the Company's revenue recognition policy disclosure includes additional detail regarding the various performance obligations and the nature, amount, timing and estimates of revenues and cash flows generated from contracts with customers. The Company is drafting the relevant disclosures to reflect the requirements of the new standard and expects to apply the practical expedient to not disclose any information about remaining performance obligations that have original expected durations of one year or less.

b) Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) to supersede the current leases accounting standard (Topic 840). The main difference between the new standard and the current standard is the requirement that lessees recognize a lease liability and a right-of-use asset for leases currently classified as operating leases with a term longer than twelve months. Lessor accounting remains largely unchanged. Additionally, the standard requires that for a sale to occur in a sale-leaseback transaction, the transfer of assets must meet the requirements for a sale under Topic 606.

The standard requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

The Company continues to evaluate the impact of adopting the standard on its financial statements and disclosure through its change management plan which guides the adoption of the standard. The Company has compiled an inventory of all leases and is analyzing individual contracts or groups of contracts to identify any significant differences and the impact on lease transactions as a result of adopting the new standard. Through this process, the Company will also quantify the impact, on in-scope prior period transactions as well as assess the Company's policies, practices, procedures, controls, and systems for changes necessary to process and compile the information to meet the requirements of the new standard. The new standard will be effective for interim and annual reporting periods commencing January 1, 2019, with early adoption permitted.

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c) Statement of Cash Flows

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230: Classification of Certain Cash Receipts and Cash Payments). This accounting standard eliminates the diversity in practice related to the classification of certain cash receipts and payments for debt prepayments or extinguishment costs, the maturing of a zero coupon bond, the settlement of contingent liabilities arising from a business combination, proceeds from insurance settlements, distributions from certain equity method investees and beneficial interests obtained in a financial asset securitization. This ASU will be effective commencing January 1, 2018, with early adoption permitted. The Company is assessing the impact the adoption of this standard will have on its consolidated financial statements.

d) Stock-Based Compensation

In May 2017, the FASB issued ASU No. 2017-09, Compensation - Stock Compensation (Topic 718: Scope of Modification Accounting). This accounting standard update clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. This ASU will be effective commencing January 1, 2018, with early adoption permitted. The Company is assessing the impact the adoption of this standard will have on its consolidated financial statements.

5. Accounts receivable

	December 31, 2017	December 31, 2016
Trade	$ 45,158	$ 38,746
Holdbacks	558	528
Other	1,512	806
	$ 47,228	$ 40,080

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.

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

	December 31, 2017	December 31, 2016
Costs incurred and estimated earnings on uncompleted contracts	$ 199,863	$ 208,030
Less billings to date	(179,800)	(193,136)
	$ 20,063	$ 14,894

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

	December 31, 2017	December 31, 2016
Unbilled revenue	$ 21,572	$ 15,965
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	(824)	(1,071)
	$ 20,748	$ 14,894

Unbilled revenue related to non-construction activities amounted to $685 (December 31, 2016 - $nil).

7. Prepaid expenses and deposits

	December 31, 2017	December 31, 2016
Prepaid insurance and deposits	$ 844	$ 565
Current portion of prepaid lease payments	1,054	986
	$ 1,898	$ 1,551

The long term portion of prepaid lease payments is recorded in other assets (note 10(a)).

8. Assets held for sale

At December 31, 2017, the Company classified $5,642 of property, plant and equipment as “Assets held for sale” on the Consolidated Balance Sheets (2016 - $247). During the year ended December 31, 2017, impairment of assets held for sale amounting to $1,621 has been included in depreciation expense in the Consolidated Statements of Operations (2016 – $1,556). The write-down is the amount by which the carrying value of the related assets exceeded their fair value less costs to sell. The gain on disposal of assets held for sale was $166 for the year ended December 31, 2017 (2016 – gain of $374). The estimated fair value of the property was based on the proceeds expected on the close of the sale.

9. Property, plant and equipment

December 31, 2017	Cost	Accumulated Depreciation	Net Book Value
Owned assets			
Heavy equipment	$ 196,045	$ 77,726	$ 118,319
Major component parts in use	72,448	45,694	26,754
Other equipment	31,923	18,400	13,523
Licensed motor vehicles	18,298	14,888	3,410
Office and computer equipment	10,157	9,468	689
Land	7,168	—	7,168
Buildings	2,547	2,482	65
	338,586	168,658	169,928
Assets under capital lease			
Heavy equipment	69,657	28,613	41,044
Major component parts in use	85,015	21,247	63,768
Other equipment	558	543	15
Licensed motor vehicles	5,129	1,242	3,887
Office and computer equipment	23	17	6
	160,382	51,662	108,720
Total property, plant and equipment	$ 498,968	$ 220,320	$ 278,648

December 31, 2016	Cost	Accumulated Depreciation	Net Book Value
Owned assets			
Heavy equipment	$ 188,785	$ 68,487	$ 120,298
Major component parts in use	64,229	49,673	14,556
Other equipment	31,670	16,335	15,335
Licensed motor vehicles	20,353	18,258	2,095
Office and computer equipment	9,769	9,112	657
Buildings	2,523	2,487	36
	317,329	164,352	152,977
Assets under capital lease			
Heavy equipment	84,527	21,848	62,679
Major component parts in use	50,882	17,233	33,649
Other equipment	5,178	611	4,567
Licensed motor vehicles	3,373	805	2,568
Office and computer equipment	23	11	12
	143,983	40,508	103,475
Total property, plant and equipment	$ 461,312	$ 204,860	$ 256,452

During the year ended December 31, 2017, additions to property, plant and equipment included $34,730 of assets that were acquired by means of capital leases (2016 – $23,490). Included in capital lease additions during the year ended December 31, 2017 was $20,697 related to sale-leaseback transactions (2016 - $12,674). Deferred gains on

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these transactions are included in other long term obligations and accrued liabilities and are amortized over the expected life of the equipment (note 16(d)). Depreciation of equipment under capital lease of $19,483 (2016 – $18,536) was included in depreciation expense in the current year.

10. Other assets

a) Other assets are as follows:

	December 31, 2017	December 31, 2016
Long term prepaid lease payments (note 7)	$ 1,779	$ 1,839
Intangible assets (note 10(b))	938	1,790
Deferred financing costs (note 10(c))	707	320
Deferred lease inducement asset (note 10(d))	784	927
Loan to partnership (note 24)	969	—
	$ 5,177	$ 4,876

b) Intangible assets

	December 31, 2017	December 31, 2016
Cost	$ 18,188	$ 18,122
Accumulated amortization	17,250	16,332
Net book value	$ 938	$ 1,790

During the year ended December 31, 2017, the Company capitalized $66 (2016 – $304) of internally developed computer software costs.

Amortization of intangible assets for the year ended December 31, 2017 was $918 (2016 – $1,688).

The estimated amortization expense for future years is as follows:

For the year ending December 31,	
2018	$ 464
2019	266
2020	149
2021	59
	$ 938

c) Deferred financing costs

	December 31, 2017	December 31, 2016
Cost	$ 1,390	$ 550
Accumulated amortization	683	230
	$ 707	$ 320

During the year ended December 31, 2017, financing fees of $840 were incurred in connection with the revolving facilities under the credit facilities (note 13(b)). These fees are being amortized ratably over the term of the credit facilities.

Amortization of these deferred financing costs included in interest expense for the year ended December 31, 2017 was $453 (2016 – $162) (note 20).

d) Deferred lease inducements asset

Lease inducements applicable to lease contracts are deferred and amortized as an increase in 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, 2017	December 31, 2016
Balance, beginning of year	$ 927	$ 1,070
Amortization of deferred lease inducements	(143)	(143)
Balance, end of year	$ 784	$ 927

11. 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,	2017	2016
Income (loss) before income taxes	$ 6,468	$ (494)
Tax rate	27.00%	27.00%
Expected expense (benefit)	$ 1,746	$ (133)
(Decrease) increase related to:		
Income tax adjustments and reassessments	30	246
Non taxable portion of capital gains	(672)	(465)
Stock-based compensation	88	158
Other	12	145
Income tax expense (benefit)	$ 1,204	$ (49)

Classified as:

Year ended December 31,	2017	2016
Deferred income tax expense (benefit)	1,204	(49)

The deferred tax assets and liabilities are summarized below:

	December 31, 2017	December 31, 2016
Deferred tax assets:		
Tax credit carryforwards	$ 18,619	$ 15,225
Deferred financing costs	52	355
Billings in excess of costs on uncompleted contracts	222	289
Capital lease obligations	17,961	16,578
Stock-based compensation	2,985	2,672
Other	2,357	1,273
Subtotal	$ 42,196	$ 36,392
Less: valuation allowance	(1,035)	(1,035)
	$ 41,161	$ 35,357
Deferred tax liabilities:		
Unbilled revenue	$ 5,231	$ 3,381
Assets held for sale	1,523	67
Accounts receivable – holdbacks	72	143
Property, plant and equipment	61,953	58,180
	$ 68,779	$ 61,771
Net deferred income tax liability	$ 27,618	$ 26,414

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Classified as:

	December 31, 2017	December 31, 2016
Deferred tax asset	$ 10,539	$ 13,807
Deferred tax liability	(38,157)	(40,221)
	$ (27,618)	$ (26,414)

In 2017, the Company and its subsidiaries file income tax returns in the Canadian federal jurisdiction and one provincial jurisdiction (2016 - one provincial jurisdiction).

At December 31, 2017, the Company has a deferred tax asset of $ 17,584 resulting from non-capital net operating loss income tax carryforwards of $65,126, which expire as follows:

	December 31, 2017
2025	$ 2
2026	151
2027	128
2028	—
2029	—
2030	—
2031	604
2032	9,354
2033	13,829
2034	8,317
2035	—
2036	5,691
2037	27,050
	$ 65,126

At December 31, 2017, the Company has recorded a full valuation allowance against the deferred tax asset of $1,035 resulting from net capital loss income tax carryforwards of $7,664, which have an indefinite life.

12. Accrued liabilities

	December 31, 2017	December 31, 2016
Accrued interest payable	$ 714	$ 85
Payroll liabilities	8,828	7,733
Liabilities related to equipment leases	219	123
Current portion of deferred gain on sale-leaseback (note 16(a))	1,445	586
Dividends payable (note 17(d))	510	569
Income and other taxes payable	2,007	2,079
Liabilities related to tire disposal	156	—
	$ 13,879	$ 11,175

13. Long term debt

a) Long term debt amounts are as follows:

Current:

	December 31, 2017	December 31, 2016
Credit facilities (note 13(b))	$ —	$ 8,246
Less: deferred financing costs	—	(77)
	$ —	$ 8,169

Long term:

	December 31, 2017	December 31, 2016
Credit facilities (note 13(b))	$ 32,000	$ 31,326
Convertible Debentures (note 13(d))	40,000	—
Less: deferred financing costs	(1,935)	(60)
	$ 70,065	$ 31,266

b) Credit facilities

	December 31, 2017	December 31, 2016
Term Loan	$ —	$ 28,572
Revolver	32,000	11,000
Total credit facilities	32,000	39,572
Less: current portion	—	(8,246)
	$ 32,000	$ 31,326

On August 1, 2017, the Company entered into a new Credit Facility Agreement (the "Credit Facility") with a banking syndicate led by National Bank of Canada, replacing the Sixth Amended and Restated Credit Agreement (the “Previous Credit Facility”), which included a revolving loan (the "Previous Revolver") and a term loan (the "Previous Term Loan"). The Credit Facility matures on August 1, 2020. The Credit Facility is comprised solely of a revolving loan (the “Revolver”) which allows borrowing of up to $140.0 million with an ability to increase the maximum borrowings by an additional $25.0 million, subject to certain conditions. Unlike the Previous Credit Facility, the Credit Facility borrowing is not contingent upon the value of the borrowing base. The Credit Facility permits additional capital lease debt to a limit of $100.0 million. This facility matures on August 1, 2020, with an option to extend on an annual basis.

As at December 31, 2017, there was $0.8 million in issued letters of credit under the Credit Facility and the unused borrowing availability was $107.2 million. The Previous Credit Facility was composed of a $70.0 million Previous Revolver and a $30.0 million Previous Term Loan, contingent on a borrowing base which was determined by the value of accounts receivable, inventory, unbilled revenue and property, plant and equipment. As at December 31, 2016, under the Previous Revolver, there was $0.8 million in issued letters of credit and the borrowing base allowed for a maximum draw of $92.1 million. At December 31, 2016, the Company’s unused borrowing availability under the Previous Revolver was $58.2 million, which was limited by the borrowing base to $51.7 million.

The Credit Facility has two financial covenants that must be tested quarterly on a trailing four quarter basis. The first covenant is the senior leverage ratio ("Senior Leverage Ratio") is defined as senior debt ("Senior Debt" is defined as interest bearing debt excluding Convertible Debentures) as compared to earnings before interest, taxes, depreciation, and amortization, excluding the effects of unrealized foreign exchange gain or loss, realized and unrealized gain or loss on derivative financial instruments, cash and non-cash stock-based compensation expense, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of assets held for sale and certain other non-cash items included in the calculation of net income ("Adjusted EBITDA"). The second covenant is the fixed charge coverage ratio ("Fixed Charge Coverage Ratio") which is defined as Adjusted EBITDA less cash taxes to Fixed Charges. Fixed charges ("Fixed Charges") is defined as cash interest, scheduled payments on debt, unfunded cash distributions by the Company and unfunded capital expenditures. The Senior Leverage Ratio is to be maintained at less than 3.0:1 and the Fixed Charge Coverage Ratio is to be maintained at a ratio greater than 1.15:1. In the event the Company enters into an acquisition, the maximum allowable Senior Leverage Ratio would

increase to 3.5:1 for four quarters following the acquisition. As at December 31, 2017, the Company was in compliance with financial covenants.

The Credit Facility bears interest at Canadian prime rate, U.S. Dollar Base Rate, Canadian bankers' acceptance rate or London interbank offered rate (LIBOR) (all such terms as used or defined in the Credit Facility), plus applicable margins. The Company is also subject to non-refundable standby fees, 0.35% to 0.65% depending on the Company's Senior Leverage Ratio, based on the undrawn portion of the Credit Facility. The Credit Facility is secured by a first priority lien on all of the Company's existing and after-acquired property.

During the year ended December 31, 2017, financing fees of $840 were incurred in connection with the Revolver under the New Credit Facility Agreement (2016 – $30 in connection with modifications to the Previous Revolver under the Previous Credit Facility Revolver). These amounts are included within deferred financing costs within other assets (note 10(c)). During the year ended December 31, 2017, the Company recorded a write-off of $329 in deferred financing fees associated with the extinguishment of the Previous Credit Facility.

c) Series 1 Debentures

During the year ended December 31, 2016, the Company redeemed $19.9 million of the Series 1 Debentures, plus accrued and unpaid interest which brought the outstanding Series 1 Debentures balance to $nil. Upon the elimination of the Series 1 Debentures, the Company a recorded a $0.6 million write-off of deferred financing costs.

d) Convertible Debentures

On March 15, 2017, the Company issued $40.0 million in aggregate principal amount of 5.50% convertible unsecured subordinated debentures (the "Convertible Debentures") which mature on March 31, 2024. The Company pays interest at an annual rate of 5.50%, payable semi-annually on March 31 and September 30 of each year, commencing September 30, 2017.

The Convertible Debentures may be converted into common shares of the Company at the option of the holder at a conversion price of $10.85 per common share, which is equivalent to approximately 92.1659 common shares per $1,000 principal amount of notes.

The Convertible Debentures are not redeemable prior to March 31, 2020, except under certain conditions after a change in control has occurred. The Convertible Debentures are redeemable at the option of the Company, in whole or in part, at any time on or after March 31, 2020 at a redemption price equal to the principal amount provided that the market price of the common shares is at least 125% of the conversion price; and on or after March 31, 2022 at a redemption price equal to the principal amount, plus accrued and unpaid interest accrued to the redemption date. In each case, the Company must pay accrued and unpaid interest on the debentures redeemed to the applicable redemption date.

If a change in control occurs, the Company is required to offer to purchase all of the Convertible Debentures at a price equal to 101% of the principal amount plus accrued and unpaid interest to the date of purchase.

During the year ended December 31, 2017, financing costs of $2,142 were incurred in connection with the issuance of the Convertible Debentures. This amount is included within deferred financing fees as a direct reduction to the carrying amount of long term debt (note 13(e)).

e) Deferred financing costs

	December 31, 2017	December 31, 2016
Cost	$ 2,377	$ 235
Accumulated amortization	442	98
	$ 1,935	$ 137

During the year ended December 31, 2017, financing fees of $2,142 were incurred in connection with the issuance of the Convertible Debentures. These fees are being amortized using the effective interest method over the term to maturity.

Amortization of these deferred financing costs included in interest expense for the year ended December 31, 2017 was $344 (2016 – $410) (note 20).

14. Capital lease obligations

The minimum lease payments due in each of the next five fiscal years are as follows:

2018	$ 31,530
2019	20,696
2020	12,182
2021	4,892
2022	2,192
Subtotal:	$ 71,492
Less: amount representing interest (at rates ranging from 2.75% to 7.51%)	(4,523)
Carrying amount of minimum lease payments	$ 66,969
Less: current portion	(29,136)
Long term portion	$ 37,833

15. Financial instruments and risk management

a) Fair value measurements

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, loan to partnership, accounts payable, accrued liabilities and billings in excess approximate their carrying amounts due to the relatively short periods to maturity for the instruments.

The fair values of amounts due under the Credit Facility 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 $32.0 million at December 31, 2017 and $39.6 million at December 31, 2016 (note 13(b)), the fair value of amounts due under the Credit Facility are not significantly different than the carrying value.

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

		December 31, 2017		December 31, 2016	
	Fair Value Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Capital lease obligations [(i)]	Level 2	$ 66,969	$ 61,872	$ 61,400	$ 57,741
Convertible Debentures [(ii)]	Level 1	40,000	38,700	—	—

(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 Convertible Debentures is based upon the period end closing market price.

Non-financial assets measured at estimated fair market value on a non-recurring basis as at December 31, 2017 and 2016 in the financial statements are summarized below:

	December 31, 2017		December 31, 2016	
	Carrying Amount	Change in Fair Value	Carrying Amount	Change in Fair Value
Assets held for sale	$ 5,642	$ (72)	$ 247	$ (1,556)

Assets held for sale are reported at the lower of their carrying amount or estimated fair market value less cost to sell. The estimated fair market value less cost to sell of equipment assets held for sale (note 8) 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 estimated fair market 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 Facility, varies as market interest rates change. At December 31, 2017, the Company held $32.0 million of floating rate debt pertaining to its Credit Facility (December 31, 2016 – $39.6 million). As at December 31, 2017, holding all other variables constant, a 100 basis point change to interest rates on floating rate debt will result in $0.3 million corresponding change in annual interest expense. This assumes that the amount of floating rate debt remains unchanged from that which was held at December 31, 2017.

The fair value of financial instruments with fixed interest rates 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,	2017	2016
Customer A	44%	47%
Customer B	26%	25%
Customer C	17%	21%

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, 2017 and December 31, 2016, the following customers represented 10% or more of accounts receivable and unbilled revenue:

	December 31, 2017	December 31, 2016
Customer 1	42%	42%
Customer 2	20%	22%
Customer 3	10%	7%
Customer 4	10%	13%
Customer 5	2%	13%

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 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 reviews its unbilled revenue regularly and assesses any amounts that are not billed within the next billing cycle to confirm collectability.

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

	December 31, 2017	December 31, 2016
Trade accounts receivables	$ 45,716	$ 39,274
Other receivables	1,512	806
Total accounts receivable	$ 47,228	$ 40,080
Unbilled revenue	21,572	15,965
Total	$ 68,800	$ 56,045

Payment terms are per the negotiated customer contracts and generally range between net 15 days and net 60 days. As at December 31, 2017 and December 31, 2016, trade receivables are aged as follows:

	December 31, 2017	December 31, 2016
Not past due	$ 42,882	$ 34,263
Past due 1-30 days	2,566	2,956
Past due 31-60 days	—	2,000
More than 61 days	268	55
Total	$ 45,716	$ 39,274

As at December 31, 2017, the Company has recorded an allowance for doubtful accounts of $nil (December 31, 2016 - $nil).

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16. Other long term obligations

a) Other long term obligations are as follows:

	December 31, 2017	December 31, 2016
Deferred lease inducements liability (note 16(b))	$ 10	$ 38
Asset retirement obligation (note 16(c))	744	678
Directors' deferred stock unit plan (note 21(e))	5,672	4,945
Deferred gain on sale-leaseback (note 16(d))	7,654	3,199
	$ 14,080	$ 8,860
Less current portion of:		
Deferred gain on sale-leaseback (note 16(d))	(1,445)	(586)
	$ 12,635	$ 8,274

b) Deferred lease inducements liability

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, 2017	December 31, 2016
Balance, beginning of year	$ 38	$ 145
Amortization of deferred lease inducements	(28)	(107)
Balance, end of year	$ 10	$ 38

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, 2017	December 31, 2016
Balance, beginning of year	$ 678	$ 617
Accretion expense	66	61
Balance, end of year	$ 744	$ 678

At December 31, 2017, estimated undiscounted cash flows required to settle the obligation were $1,084 (December 31, 2016 – $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.

d) Deferred gain on sale-leaseback

At December 31, 2017, the Company recorded a gain of $5,155 (December 31, 2016 – $2,792) on the sale-leaseback of certain heavy equipment. The gain on sale has been deferred and is being amortized in the Consolidated Statements of Operations over the expected useful life of the equipment.

	December 31, 2017	December 31, 2016
Balance, beginning of year	$ 3,199	$ 780
Addition	5,155	2,792
Amortization of deferred gain on sale-leaseback	(700)	(373)
Balance, end of year	$ 7,654	$ 3,199

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17. Shares

a) Common shares

Issued and outstanding:

	Voting common shares	Treasury shares	Common shares outstanding, net of treasury shares
Issued and outstanding at December 31, 2015	33,150,281	(1,256,803)	31,893,478
Issued upon exercise of stock options (note 21(b))	102,040	—	102,040
Purchase of treasury shares for settlement of certain equity classified stock-based compensation (note 21(c(i)) and 21(d))	—	(1,043,998)	(1,043,998)
Settlement of certain equity classified stock-based compensation	—	87,554	87,554
Retired through Share Purchase Program (note 17(c))	(2,733,414)	—	(2,733,414)
Issued and outstanding at December 31, 2016	30,518,907	(2,213,247)	28,305,660
Issued upon exercise of stock options (note 21(b))	176,800	—	176,800
Purchase of treasury shares for settlement of certain equity classified stock-based compensation (note 21(c(i)) and 21(d))	—	(758,271)	(758,271)
Settlement of certain equity classified stock-based compensation	—	353,592	353,592
Retired through Share Purchase Programs (note 17(c))	(2,625,557)	—	(2,625,557)
Issued and outstanding at December 31, 2017	28,070,150	(2,617,926)	25,452,224

On June 12, 2014, the Company entered into a trust arrangement whereby the trustee will purchase and hold common shares, classified as treasury shares on our Consolidated Balance Sheets, until such time that units issued under certain stock-based compensation plans are to be settled (note 21(c(i)) and 21(d)) .

Upon settlement of certain equity classified stock-based compensation during the year ended December 31, 2017, the Company repurchased 161,285 shares at $987 to satisfy the recipient tax withholding requirements (year ended December 31, 2016 - 35,313 shares at $130). The repurchased shares to satisfy the recipient tax withholding requirements are net against the purchase of treasury shares for settlement of certain equity classified stock-based compensation.

b) Net income (loss) per share

Year ended December 31,	**2017**	**2016**
Net income (loss) available to common shareholders	$ 5,264	$ (445)
Weighted average number of common shares	26,697,066	29,965,899
Weighted average of effects:		
Dilutive effect of treasury shares	2,622,957	—
Dilutive effect of stock options	285,703	—
Weighted average number of diluted common shares	29,605,726	29,965,899
Basic net income (loss) per share	$ 0.20	$ (0.01)
Diluted net income (loss) per share	$ 0.18	$ (0.01)

For the year ended December 31, 2017, there were 469,819 stock options, nil treasury shares and 2,949,309 shares issuable on conversion of Convertible Debentures that were anti-dilutive and therefore not considered in computing diluted earnings per share (year ended December 31, 2016 – 1,176,080 stock options and 2,213,247 treasury shares).

c) Share purchase programs

The Company engaged in the following normal course issuer bids ("NCIBs") during the years ended December 31, 2016 and December 31, 2017:

Commencement date	Facilities	Maximum number of shares to be purchased	Actual number of shares purchased and subsequently cancelled	Reduction to common shares	Increase to additional paid in capital
March 21, 2016	NYSE	1,657,514	1,657,514	$ 14,121	$ 9,021
August 9, 2016	TSX	1,075,968	1,075,900	9,237	5,133
Total during the year ended December 31, 2016		2,733,482	2,733,414	$ 23,358	$ 14,154
First phase: amended NCIB[(i)]	TSX	819,395	819,395	$ 7,057	$ 1,576
Second phase: amended NCIB[(ii)]	TSX	838,119	663,400	5,706	1,908
August 14, 2017[(iii)(iv)]	NYSE, TSX	2,424,333	1,142,762	9,810	4,119
Total during the year ended December 31, 2017		4,081,847	2,625,557	$ 22,573	$ 7,603

(i) On March 28, 2017 the Company announced an increase to the maximum number of shares to be purchased relating to the NCIB that commenced on August 9, 2016 from the original 1,075,968 to 1,895,363 as of April 1, 2017.
(ii) On May 25, 2017 the Company announced a further increase to the maximum number of shares to be purchased relating to the NCIB that commenced on August 9, 2016 from the amended 1,895,363 to 2,733,482 as of June 1, 2017.
(iii) This NCIB is ongoing. All other NCIBs have reached expiration.
(iv) In order to comply with relevant securities laws, the Company can purchase a maximum of 1,460,089 of the shares on the NYSE, which represents 5% of the issued and outstanding common shares.

d) Dividends

The Company intends to pay an annual aggregate dividend of eight Canadian cents ($0.08) per common share, payable on a quarterly basis.

During the year ended December 31, 2017, the Company paid regular quarterly cash dividends of $0.02 per share on common shares (December 31, 2016 - $0.02). At December 31, 2017, an amount of $510 was included in accrued liabilities related to the dividend declared on October 31, 2017 (December 31, 2016 - $569).

18. Commitments

The annual future minimum operating lease payments for premises for the next five years are as follows:

For the year ending December 31,	
2018	$ 3,248
2019	2,238
2020	2,348
2021	2,374
2022	2,318
	$ 12,526

Included in general and administrative expenses and equipment costs are operating lease expenses relating to premises of $2,902 and $3,515 for the years ended December 31, 2017 and 2016, respectively.

During the year ended December 31, 2017, the Company entered into a contract to incur capital expenditures related to the development of property, plant and equipment for $17.6 million. This commitment is expected to be settled in 2018.

19. Contingencies

During the normal course of the Company's operations, various disputes, 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 statements.

20. Interest expense

Year ended December 31,	2017	2016
Interest on capital lease obligations	$ 3,023	$ 2,836
Interest on credit facilities	1,507	1,593
Interest on Series 1 Debentures	—	977
Interest on Convertible Debentures	1,760	—
Amortization of deferred financing costs (note 10(c) and note 13(e))	797	572
Interest on long term debt	$ 7,087	$ 5,978
Other interest income	(144)	(194)
	$ 6,943	$ 5,784

21. 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,	2017	2016
Share option plan (note 21(b))	$ 326	$ 587
Liability classified restricted share unit plan (note 21(c(i)))	—	52
Equity classified restricted share unit plan (note 21(c(ii)))	1,293	1,384
Equity performance restricted share unit plan (note 21(d))	1,306	820
Liability classified deferred stock unit plan (note 21(e))	1,070	3,187
	$ 3,995	$ 6,030

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. For the year ended December 31, 2017, 3,399,399 shares are reserved and authorized for issuance under the share option plan.

	Number of options	Weighted average exercise price $ per share
Outstanding at December 31, 2015	1,448,000	5.33
Exercised[(i)]	(102,040)	2.77
Forfeited	(169,880)	5.31
Outstanding at December 31, 2016	1,176,080	5.56
Exercised[(i)]	(176,800)	3.26
Forfeited	(85,740)	12.36
Outstanding at December 31, 2017	913,540	5.36

(i) All stock options exercised resulted in new common shares being issued (note 17(a)).

Cash received from options exercised for the year ended December 31, 2017 was $575 (2016 - $284). For the year ended December 31, 2017, the total intrinsic value of options exercised, calculated as the market value at the exercise date less exercise price, multiplied by the number of units exercised, was $640 (December 31, 2016 - $187).

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The following table summarizes information about stock options outstanding at December 31, 2017:

	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	187,420	4.3 years	$ 2.75	187,420	4.3 years	$ 2.75
$2.79	300,000	4.5 years	$ 2.79	300,000	4.5 years	$ 2.79
$3.69	25,800	0.9 years	$ 3.69	25,800	0.9 years	$ 3.69
$5.91	132,000	6.0 years	$ 5.91	105,600	6.0 years	$ 5.91
$6.56	70,780	3.9 years	$ 6.56	70,780	3.9 years	$ 6.56
$8.28	10,000	1.5 years	$ 8.28	10,000	1.5 years	$ 8.28
$8.58	30,000	2.7 years	$ 8.58	30,000	2.7 years	$ 8.58
$9.33	55,780	2.1 years	$ 9.33	55,780	2.1 years	$ 9.33
$10.13	51,760	3.0 years	$ 10.13	51,760	3.0 years	$ 10.13
$16.46	50,000	0.3 years	$ 16.46	50,000	0.3 years	$ 16.46
	913,540	4.0 years	$ 5.36	887,140	3.9 years	$ 5.35

At December 31, 2017, the weighted average remaining contractual life of outstanding options was 4.0 years (December 31, 2016 – 4.8 years) and the weighted average exercise price was $5.36 (December 31, 2016 - $5.56). The fair value of options vested during the year ended December 31, 2017 was $518 (December 31, 2016 – $594). At December 31, 2017, the Company had 887,140 exercisable options (December 31, 2016 – 898,500) with a weighted average exercise price of $5.35 (December 31, 2016 – $6.21).

At December 31, 2017, the total compensation costs related to non-vested awards not yet recognized was $46 (December 31, 2016 – $269) and these costs are expected to be recognized over a weighted average period of 1.0 year (December 31, 2016 – 0.9 years). There were no stock options granted under this plan for the years ended December 31, 2017 and 2016, respectively.

c) Restricted share unit plan

Restricted Share Units (“RSU”) are granted each year to executives and other key employees with respect to services to be provided in that year and the following two years. The majority of RSUs vest at the end of a three-year term. The Company intends to settle all RSUs issued after February 19, 2014 with common shares purchased on the open market through a trust arrangement ("equity classified RSUs").

i) Liability classified restricted share unit plan

	Number of units
Outstanding at December 31, 2015	290,790
Vested	(290,790)
Outstanding at December 31, 2016 and 2017	—

The remaining liability classified RSUs were settled in cash for $723 during the year ended December 31, 2016.

ii) Equity classified restricted share unit plan

	Number of units	Weighted average exercise price $ per share
Outstanding at December 31, 2015	774,156	4.45
Granted	501,523	3.78
Vested	(87,580)	3.51
Forfeited	(64,124)	3.50
Outstanding at December 31, 2016	1,123,975	4.20
Granted	355,292	6.02
Vested	(259,860)	6.24
Forfeited	(29,474)	4.00
Outstanding at December 31, 2017	1,189,933	4.22

At December 31, 2017, there were approximately $2,199 of unrecognized compensation costs related to non–vested share–based payment arrangements under the equity classified RSU plan (December 31, 2016 – $1,945) and these costs are expected to be recognized over the weighted average remaining contractual life of the RSUs of 1.3 years (December 31, 2016 – 1.6 years). During the year ended December 31, 2017, 259,860 units vested, which were settled with common shares purchased on the open market through a trust arrangement (December 31, 2016 - 87,580 units).

d) Performance restricted share units

On June 11, 2014, the Company entered into an amended and restated executive employment agreement with the Chief Executive Officer (the "CEO") and granted Performance Restricted Share Units ("PSU") as a long-term incentive, which became effective July 1, 2014. Commencing with a grant on July 1, 2015, PSUs were granted to certain additional senior management employees as part of their long-term incentive compensation. The PSUs vest at the end of a three-year term and are subject to performance criteria approved by the Human Resources and Compensation Committee at the date of the grant. The Company intends to settle earned PSUs with common shares purchased on the open market through a trust arrangement.

	Number of units	Weighted average exercise price $ per share
Outstanding at December 31, 2015	423,592	4.86
Granted	343,706	4.97
Forfeited	(27,998)	4.52
Outstanding at December 31, 2016	739,300	4.84
Granted	248,824	5.98
Vested	(69,949)	8.57
Forfeited	(21,542)	4.05
Outstanding at December 31, 2017	896,633	4.81

At December 31, 2017, there were approximately $2,250 of total unrecognized compensation costs related to non–vested share–based payment arrangements under the PSU plan (December 31, 2016 - $1,878) and these costs are expected to be recognized over the weighted average remaining contractual life of the PSUs of 1.36 years (December 31, 2016 - 1.75 years). During the year ended December 31, 2017, 69,949 units vested and were settled through common shares from the trust arrangement at a factor of 1.34 common shares per PSU based on performance against grant date criteria (December 31, 2016 - nil units).

The Company estimated the fair value of the PSUs granted during the years ended December 31, 2017 and 2016 using a Monte Carlo simulation with the following assumptions:

	2017	2016
Risk-free interest rate	1.17%	0.52%
Expected volatility	46.47%	43.30%

e) Deferred stock unit plan

On November 27, 2007, the Company approved a Deferred Stock Unit ("DSU") Plan, which became effective January 1, 2008. Under the DSU 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 DSUs and may elect to receive all or a part of their annual fixed remuneration in excess of 50% in the form of DSUs. On February 19, 2014, the Company modified its DSU plan to permit awards to executives in addition to directors, whereby eligible executives could elect to receive up to 50% of their annual bonus in the form of DSUs. On December 2, 2015, the executive participation aspect of the plan ended, though DSU's granted to executives prior to this date will continue to be held. The DSUs vest immediately upon issuance and are only redeemable upon death or retirement of the participant. DSU holders that 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, 2015	928,874
Granted	171,980
Redeemed	(158,917)
Outstanding at December 31, 2016	941,937
Granted	114,895
Redeemed	(65,249)
Outstanding at December 31, 2017	991,583

At December 31, 2017, the fair market value of these units was $5.72 per unit (December 31, 2016 – $5.25 per unit). At December 31, 2017, the current portion of DSU liabilities of $nil were included in accrued liabilities (December 31, 2016 - $nil) and the long term portion of DSU liabilities of $5,672 were included in other long term obligations (December 31, 2016 - $4,945) in the Consolidated Balance Sheets. During the year ended December 31, 2017, 65,249 units were redeemed and settled in cash for $343 (December 31, 2016 - 158,917 units were redeemed and settled in cash for $488). There is no unrecognized compensation expense related to the DSUs since these awards vest immediately when issued.

22. Other information

a) Supplemental cash flow information

Year ended December 31,	2017	2016
Cash paid during the year for:		
Interest	$ 5,615	$ 5,895
Cash received during the year for:		
Interest	162	194

Year ended December 31,	2017	2016
Non-cash transactions:		
Addition of property, plant and equipment by means of capital leases	34,730	23,490
Acquisition of property, plant and equipment related to the initial investment in the partnership	2,581	—
Increase in capital lease obligations related to the initial investment in the partnership	800	—
Increase in long term debt related to the initial investment in the partnership	637	—
Reclass from property, plant and equipment to assets held for sale	(6,869)	(1,374)
Non-cash working capital exclusions:		
Increase in inventory related to the initial partnership investment	(29)	—
Increase in prepaid expenses related to the initial investment in the partnership	(4)	—
Decrease in inventory related to a non-monetary transaction	—	(575)
Increase in accrued liabilities related to the current portion of the deferred gain on sale-leaseback	859	365
Net decrease in accrued liabilities related to current portion of RSU liability	—	(671)
Net (decrease) increase in accrued liabilities related to dividend payable	(59)	569

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b) Net change in non-cash working capital

The table below represents the cash (used in) provided by non-cash working capital:

Year ended December 31,	2017	2016
Operating activities:		
Accounts receivable	$ (7,148)	$ (15,344)
Unbilled revenue	(5,607)	1,600
Inventories	(1,288)	(1,437)
Prepaid expenses and deposits	(283)	126
Accounts payable	5,640	4,517
Accrued liabilities	1,904	4,144
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	(247)	614
	$ (7,029)	$ (5,780)

23. Claims revenue

Year ended December 31,	2017	2016
Claims revenue recognized	$ 1,168	$ 1,171

The table below represents the classification of uncollected claims on the balance sheet:

	December 31, 2017	December 31, 2016
Accounts receivable	$ 358	$ 1,171
Unbilled revenue	7,662	7,088
	$ 8,020	$ 8,259

24. Investment in partnership

On April 1, 2017, the Company entered into a partnership agreement under the name "Dene North Site Services" with Dene Sky Site Services Ltd. ("Dene Sky"). The unincorporated partnership was formed for the purpose of establishing a strategic relation with a local operator in Northern Alberta in order to expand the Company's market opportunities in the region. The Company holds a 49% undivided ownership interest in the assets, liabilities and related revenue and expenses managed through the partnership agreement. The partnership agreement specifies that the economic activity and decision-making are jointly controlled and each partner is entitled to its share of the assets, liabilities, revenue and expenses.

The Company is contingently liable under the partnership agreement for its portion of the partnership's obligations and liabilities that could arise from construction contracts, potential lawsuits, lease commitments and financing agreements.

At inception of the partnership, assets and liabilities were proportionately recognized within the Company's consolidated financial statements at 49% as follows:

Assets	
Cash	$ 1,131
Inventory	29
Prepaid expenses	4
Property, plant and equipment	2,581
Total assets	$ 3,745
Liabilities	
Capital lease obligation	$ 800
Long-term debt	637
Total liabilities	$ 1,437
Total consideration paid	**$ 2,308**

The financial data for the Company's 49% interest included in the consolidated financial statements is summarized as follows:

Balance Sheet

	December 31, 2017	December 31, 2016
Assets		
Current assets	$ 1,868	$ —
Non-current assets	2,275	—
Total assets	$ 4,143	$ —
Liabilities		
Current liabilities	$ 1,094	$ —
Long-term liabilities	1,141	—
Total liabilities	$ 2,235	$ —
Net Assets	**$ 1,908**	**$ —**

As at December 31, 2017, the Company had issued a loan to Dene North Site Services in the amount of $1,900, which is included in the above current liabilities at 49%. Upon consolidation, the net receivable amount is included in other assets (note 10(a)).

Statement of Operations and Comprehensive Loss

Year ended December 31,	2017	2016
Revenues	$ 4,310	$ —
Gross profit (i)	3,908	—
Loss before taxes	(401)	—
Net loss and comprehensive loss(ii)	(401)	—

(i) Gross profit is defined as revenue less: project costs; equipment costs; and depreciation.
(ii) For income tax purposes, all income attributed to the partnership agreement is allocated to the partners pro-rata in accordance with their respective interest.

25. 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, 2017 were $877 (2016 – $865).

26. Related party transactions

On July 14, 2016, the Company appointed a new member to the Board of Directors. The director is currently the President and Chief Executive Officer of a business that subleases space from the Company. The sublease was entered into several years before the director's appointment.

For the year ended December 31, 2017, the Company received $332 in this related party transaction.

27. Comparative figures

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

NORTH AMERICAN ENERGY PARTNERS INC. Exhibit 99.3
Management's Discussion and Analysis
For the year ended December 31, 2017



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Management's Discussion and Analysis

For the year ended December 31, 2017

A. EXPLANATORY NOTES

February 13, 2018

The following Management's Discussion and Analysis ("MD&A") is as of December 31, 2017 and should be read in conjunction with the attached audited consolidated financial statements for the year ended December 31, 2017 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.

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 comparing results of operations and financial position for the current period to that of the preceding periods. We also provide analysis and commentary that we believe is necessary to assess our future prospects. 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. Readers are cautioned that actual events and results may vary from the forward-looking information. We have denoted our forward-looking statements with this symbol “s”. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for a discussion of the risks, assumptions and uncertainties related to such information.

Non-GAAP Financial Measures

A non-GAAP financial measure is generally defined by the Canadian 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 adjusted in the most comparable GAAP measures. In our MD&A, we use non-GAAP financial measures such as "gross profit", "margin", "EBIT", "EBITDA", "Consolidated EBITDA" (as defined in our previous credit agreement) and "Adjusted EBITDA" (as defined in our new credit agreement), "Total Debt", "Net Debt", and "Free Cash Flow". We provide tables in this document that reconcile non-GAAP measures used to amounts reported on the face of the consolidated financial statements.

Gross profit and loss

"Gross profit" is defined as revenue less: project costs; equipment costs; and depreciation.

We believe that gross profit is a meaningful measure of our business as it portrays results before general and administrative ("G&A") overheads costs, amortization of intangible assets and the gain or loss on disposal of property, plant and equipment and assets held for sale. Management reviews gross profit to determine the profitability of operating activities, including equipment ownership charges and to determine whether resources, property, plant and equipment are being allocated effectively.

EBIT, EBITDA, Consolidated EBITDA and Adjusted EBITDA

"EBIT" is defined as net income (loss) before interest expense and income taxes.

"EBITDA" is defined as net income (loss) before interest expense, income taxes, depreciation and amortization.

"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 (equity classified) stock-based compensation expense, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of assets held for sale and certain other non-cash items included in the calculation of net income (loss).

As discussed in "Resources and Systems - Capital Resources and Use of Cash" in this MD&A, our new Credit Facility introduced a new non-GAAP measure "Adjusted EBITDA", which is defined as EBITDA excluding the effects of unrealized foreign exchange gain or loss, realized and unrealized gain or loss on derivative financial instruments, cash and non-cash (liability and equity classified) stock-based compensation expense, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of assets held for sale and certain other non-cash items

included in the calculation of net income (loss). Adjusted EBITDA is used in the calculation of the financial covenants in our new Credit Facility.

We believe that Consolidated EBITDA is a meaningful measure of business performance because it excludes interest, income taxes, depreciation, amortization, the effect of certain gains and losses and certain non-cash items that are not directly related to the operating performance of our business. Management reviews Consolidated EBITDA to determine whether property, plant and equipment are being allocated efficiently. In addition, we believe that Adjusted EBITDA is a meaningful measure as it excludes the financial statement impact of changes in the carrying value of the liability classified award plans as a result of movement of our share price.

As EBIT, EBITDA, Consolidated EBITDA and Adjusted EBITDA are non-GAAP financial measures, our computations of EBIT, EBITDA, Consolidated EBITDA and Adjusted EBITDA may vary from others in our industry. EBIT, EBITDA, Consolidated EBITDA and Adjusted EBITDA should not be considered as alternatives to operating income or net income as measures of operating performance or cash flows and they 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, Consolidated EBITDA and Adjusted 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.

Margin

We will often identify a relevant financial metric as a percentage of revenue and refer to this as a margin for that financial metric. "Margin" is defined as the financial number as a percent of total reported revenue. Examples where we use this reference and related calculation are in relation to "gross profit margin", "operating income margin", "net income (loss) margin", "EBIT margin", "Consolidated EBITDA margin", or "Adjusted EBITDA margin".

We believe that presenting relevant financial metrics as a percentage of revenue is a meaningful measure of our business as it provides the performance of the financial metric in the context of the performance of revenue. Management reviews margins as part of its financial metrics to assess the relative performance of its results.

Total Debt and Net Debt

"Total Debt" is defined as the sum of the outstanding principal balance (current and long-term portions) of: (i) capital leases; (ii) borrowings under our Credit Facility (excluding outstanding Letters of Credit); and (iii) convertible unsecured subordinated debentures (the "Convertible Debentures"), and (iv) liabilities from hedge and swap arrangements. Our definition of Total Debt excludes deferred financing costs related to Total Debt. We believe Total Debt is a meaningful measure in understanding our complete debt obligations.

"Net Debt" is defined as Total Debt less cash and cash equivalents recorded on the balance sheet. Net Debt is used by us in assessing our debt repayment requirements after using available cash.

Free Cash Flow

"Free Cash Flow" is defined as cash from operations less cash used in investing activities (excluding cash used for growth capital expenditures and cash used for / provided by acquisitions). We feel Free Cash Flow is a relevant measure of cash available to service our Total Debt repayment commitments, pay dividends, fund share purchases and fund both growth capital expenditures and potential strategic initiatives.

B. SIGNIFICANT BUSINESS EVENTS

2017 Economic and Industry Highlights

During 2017 our economy, our industry and our customers continued to experience an unusually long cyclical economic downturn driven by the global oversupply of crude oil. The continued global oversupply of crude oil and the weakening position of Organization of Petroleum Exporting Countries ("OPEC") in managing global oil production levels with the growth of non-OPEC countries oil production capacity led to a series of small gains and subsequent losses against a $50.00 (US/barrel) plateau as OPEC's efforts to gain agreement to curtail oil production levels were continually met with the awakening of the US shale oil market with the advent of improved and more cost effective oil extraction technology that allowed them to compete with the traditional oil producer's lower production cost supply at these oil price levels.

In recent months, the reporting of the weekly oil inventory levels both in the US and globally has given rise to the anticipation that a re-balancing of oil supply and demand may be underway. Expectations for the near term growth in oil prices have gained a level of optimism with projections that the current oil producer behavior may sustain the current $60.00 - $65.00 (US/barrel) range of prices through 2018. The pricing optimism is buoyed by the recent geopolitical issues in the Middle East, Africa and Latin America; all of which have the potential to cause a short-to-medium term reduction in global inventory levels.

Our customers entered the year having already reacted to lower revenue from lower oil prices with investment deferrals in growth capital projects (the majority of these deferrals related to higher operating cost "in situ" extraction method projects) and the implementation of aggressive operating cost reduction plans, which included the dilution of fixed costs through maximizing production levels. With the rebound in oil prices during the latter half of the year, oil sand producers have started to signal renewed capital investment in the expansion of existing in situ projects while maintaining the execution of mine plans for their longer-life, lower operating cost oil sands mines.

Below are some of the economic, political and customer highlights of 2017 that have influenced our business, many of which were not anticipated as we entered 2017:

- According to the Bank of Canada, the Canadian economy continues to experience moderate inflation with current Consumer Price Index (CPI) inflation trends remaining within its target inflation rate of close to 2%.
- The West Texas Intermediate (WTI) price per barrel of oil opened 2017 at $53.75 (US$/barrel) while the Canadian / US exchange rate opened at $0.74. On December 31, 2017 the WTI price per barrel of oil was $60.46 (US$/barrel) and the Canadian / US exchange rate was $0.80.
    - On June 21, 2017, the WTI price per barrel dropped to a low of $42.48 (US$/barrel).
    - On May 4, 2017, the Canadian / US exchange rate dropped to a low of $0.73.
- An expanded gap between Western Canada Select ("WCS"), the price of Alberta heavy crude, compared to WTI or Brent pricing (the "differential") driven by the dependence on limited pipeline capacity or the use rail cars to transport the increasing production levels of heavy crude from Alberta to major markets.
    - The differential reached a four year high in early 2018 with the WCS price per barrel trading at a discount of more than $27.00 against the WTI price per barrel.
- Long-term delays in obtaining regulatory approval for pipeline capacity expansion solutions for oil transportation
    - The Trans Mountain Expansion (TMX) pipeline twinning by Kinder Morgan [1] (to Vancouver, BC) was approved in November 2016 with 190 environmental and social conditions. Since then, a new British Columbia provincial government was elected on May 9, 2017. The new government ran on a platform that included challenging the construction of the TMX pipeline project.
    - The TransCanada[2] Energy East pipeline (to Atlantic Canada) was subjected to a new round of intense review by the National Energy Board as a result of new standards initiated by the Federal government. TransCanada terminated the proposed project on October 5, 2017.

1 Kinder Morgan Inc., owner of the of the Trans Mountain Pipeline System.
2 TransCanada Corporation (TransCanada)

- The TransCanada XL Keystone pipeline (to the US gulf coast), which had been rejected under the previous US government after more than seven years of delays, was approved under an executive order signed by the new President of the United States on January 24, 2017. The project, with projected pipeline capacity of 830,000 barrels per day of crude oil carried from Alberta to Steele City, Nebraska, is still undergoing state permitting review for the proposed route and continues to face legal challenges from special interest groups.
- The Enbridge "Line 3 Replacement" project, replacing large segments of the aging 1,660 kilometer pipeline running between Hardisty, Alberta and Superior, Wisconsin received Canadian federal government approval on November 29, 2016 after a year of regulatory review. However, the project continues to encounter roadblocks in the approval of the US segment of the project. The project is projected to achieve initial capacity of 760,000 barrels per day when commissioned in 2019.

- Previous political changes in both the Alberta provincial government and Canadian federal government continue to provide a less oil friendly political climate and the implementation of: higher corporate taxes; increases to energy royalties; an escalating carbon tax; emission limits; and more stringent environmental regulations for both the production and transportation of oil.
  - On January 1, 2017, the Alberta provincial government implemented the first phase of their new climate plan, which includes a carbon pricing regime coupled with an overall emissions limit for the oil sands. The climate plan places some certainty on the future greenhouse gas (GHG) costs, while the limit on oil sands emissions anticipates that companies will be forced to ensure only the most profitable and efficient projects are developed.
- On May 14, 2017 an explosion and fire shut down Syncrude Canada Limited's (Syncrude) [3] Mildred Lake upgrader. The repairs, coupled with the acceleration in timing of planned fall maintenance work delayed the mine's full ramp up into the third quarter of 2017.
- On May 17, 2017 Cenovus Energy Inc. completed its acquisition of the ConnocoPhillips assets. Cenovus primary focus in the oil sands is the steam assisted, gravity drainage (SAGD) extraction method projects.
- On May 31, 2017 Canadian Natural Resources Limited (Canadian Natural) completed the acquisition of a 70% working interest in the Athabasca Oils Sands project (AOSP); including 70% of the Scotford upgrader and the Quest Carbon Capture and Storage project (minority interest - Chevron Canada Limited 20% / Shell Canada Limited 10%). AOSP's holdings included the Muskeg River and Jackpine mines, which will now be operated by Canadian Natural.
- Suncor[4] re-affirmed that their investment in the 52 year Fort Hills [5] mine is a long-term investment, not affected by current oil prices. The projected investment in the project was increased to approximately $17.0 billion, with the almost $2.0 billion increase supporting technology to boost future capacity and to accelerate construction which had been delayed as a result of the 2016 Fort McMurray wildfire.
  - On January 29, 2018. Suncor announced that they had achieved continuous operations from the first mine train on the project with expectations that they will achieve 90% of the targeted production of 194,000 barrels per day (bpd) by the end of 2018.
  - On January 30, 2018, Suncor announced that it will proceed with the phased implementation of 150 autonomous haul trucks at their company-operated mines, starting with the North Steepbank mine. These autonomous haul trucks, are expected to replace approximately 33% of Suncor's current haul truck fleet over the next six years. Autonomous haul trucks are best suited for ore handling applications due to the consistency of the load and the predictability of the route, while many earthmoving activities that we perform, such as tailings pond related mature fine tailings ("MFT") hauling, are not suitable applications for automation.

3 Syncrude Canada Ltd. (Syncrude), operator of the oil sands mining and extraction operations for the Syncrude Project, a joint venture amongst Suncor Energy Oil and Gas Partnership (58.74%), Imperial Oil Resources (25%), Sinopec Oil Sands Partnership (9.03%), Nexen Oil Sands Partnership (7.23%).
4 Suncor Energy Inc. (Suncor).
5 Fort Hills Energy LP (Suncor Fort Hills), a limited partnership between Suncor Energy Inc. (53.06%), Total (26.05%) and Teck Resources Ltd. (20.89%). Through its affiliate, Suncor Energy Operating Inc. (SEOI), Suncor is the developer and operator of the Fort Hills project via an operating services contract.

- Having completed the acquisition of an increased ownership interest of Syncrude and its Mildred Lake [6] and Aurora[7] oil sands mines in 2016, Suncor announced that, working with Imperial Oil Limited, the current operator, they anticipate driving the cash operating costs of the operations down below $30.00 (CDN$/barrel) by 2020. Suncor's strategy has already been able to deliver cash operating costs to under $25.00 per barrel of production for their Millennium and Steepbank oil sands mines.
- Multiple Alberta oil sands producers have plans to target capital investments for the restart or expansion of existing in situ oil sands projects, including the Firebag, Christina Lake[8], Kirby North[9], Sunrise[10] and Hangingstone[11] projects.

Accomplishments against our 2017 Strategic Priority

At the start of 2017, we reaffirmed our primary goal for shareholders to grow our shareholder value through being an integrated service provider of choice for the developers and operators of resource-based industries in a broad and often challenging range of environments and to leverage our equipment and expertise to support the development of provincial infrastructure projects across Canada. Our focus was on the following tactics:

- enhance our safety culture;
- grow our core business;
- pursue revenue diversity;
- further enhance productivity and profitability;
- grow positive free cash flow, net income and earnings per share; and
- maintain a strong balance sheet.

Heading into 2017 we also unveiled a plan to grow both our revenue and Consolidated EBITDA by a compound 15% per year for 2017, 2018 and 2019, despite our core oil sands market sector still being in a cyclical downturn with the timing of a recovery remaining uncertain.

As detailed in the "2017 Economic and Industry Highlights" section, above, 2017 continued to present significant challenges with the abnormally long cyclical downturn in our core oil sands market and the uncertain economic recovery timelines driven by the uncertainty over OPEC's ability to influence the global supply of oil. Adding to hurdles was the suspension of primarily all sub-contract work on the Syncrude site for a large part of the year as a result of their March 14, 2017 upgrader fire. This suspension caused the cancellation of a significant earthworks contract we had secured earlier in the year. Despite these headwinds, we maintained our focus on our strategic priority and tactics which resulted in us exceeding our growth expectations and achieving the following significant accomplishments for the year ended December 31, 2017:

- Our revenue increased by 37% to $292.6 million in 2017, compared to $213.2 million in revenue for 2016. With our continued focus on equipment management cost savings initiatives and strong project execution, we achieved a 24% growth in Consolidated EBITDA to $62.0 million in 2017, compared to $50.1 million in Consolidated EBITDA recorded for 2016.
- We continued to elevate the standard of excellence in our safety culture, as reflected by our strong safety record in 2017, which included maintaining our Total Recordable Injury Rate ("TRIR") well under 0.5 for the year. Our result represents just four reportable injuries in over 2.0 million hours worked. This impressive safety result reflected our belief that outstanding safety execution is the foundation for overall operational excellence.

6 Mildred Lake oil sands mine, owned and operated by Syncrude Canada Ltd.
7 Aurora Project (Aurora), owned and operated by Syncrude Canada Ltd.
8 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.
9 Kirby North Project is the Phase 1 of the Kirby In Situ Oil Sands Expansion Project (Kirby Expansion Project), owned and operated by Canadian Natural.
10 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.
11 Hangingstone Project, a steam assisted gravity drainage (SAGD) project, is wholly owned and operated by Athabasca Oil Corporation (Athabasca Oil).

- We continue to develop our core business with long-term agreements with each of our major customers that extend beyond 2020, including:
    - On February 1, 2017 we announced the renewal of a 5-year master services agreement on a sole sourced, negotiated basis with a major oil sands operator for the performance of reclamation, overburden removal, mine support services and civil construction activities. The renewal brings us to four long-term agreements with customers that extend beyond 2020.
- We continue to expand on our core business strategy, including:
    - On April 1, 2017, we entered into a partnership agreement with Dene Sky Site Services Ltd. ("Dene Sky"), a private First Nations business based in Janvier, Alberta. Our subsidiary, North American Enterprises Ltd., was issued a 49% interest in the partnership while Dene Sky was issued a 51% interest. The partnership is carrying on business under the name "Dene North Site Services" and will operate primarily in Northern Alberta. We believe the arrangement will expand our services to both the oil sands mining and the in situ oil extraction markets, including providing us the ability to bid and perform certain earthworks, road construction and maintenance, specialized welding, site development, plant maintenance and labour services contract that we may not otherwise have had the opportunity to bid and perform.
- We continue to work towards revenue diversity, including:
    - Recently completing the construction of two tailing pond dams at the Red Chris Copper mine [12] located in northwest British Columbia.
    - On June 6, 2017, we were awarded a contract to provide mine support services at the Fording River coal mine [13] in southeast British Columbia. The contract included the use of a fleet of our large haul trucks, shovels and excavators to support our customer's coal mining operations by extracting and hauling coal as well as removing associated waste materials. We began mobilizing our fleet in late June 2017 with operations starting in July 2017. The contract was originally for a scope of work that was expected to be completed by December 2017, however our customer subsequently awarded us an additional scope of work that extended our expected activity at the mine well into the first half of 2018.
    - On September 20, 2017, we were awarded a three year term contract to provide mine support services on the Highland Valley copper mine[14] in central British Columbia. The contract contemplated the use of a fleet of 40 tonne trucks, excavators and support equipment to support our customer's copper mining operations and civil construction activities. We began mobilization of our fleet to the site in September 2017 with operations starting in October 2017.
    - During 2017 we expanded our service offerings to include heavy equipment maintenance for our customers. Maintenance has become one of our core competencies and customers are trending towards rebuilding existing equipment rather than buying new.
        - To support this expansion of our services into heavy equipment maintenance, our Board of Directors recently approved $28 million of growth capital expenditure to purpose design and build a new maintenance facility just outside of Edmonton, Alberta. This new facility will allow us to replace our current less efficient leased maintenance facility and provides enough space to allow us to also consolidate our office staff from our current leased office space. Our plan is to be fully up and running in this facility by very early 2019 and we expect cash payback on the investment within approximately 5 years.s

12 Red Chris Mine, owned and operated by Red Chris Development Company Ltd. (RCDC), a subsidiary of Imperial Metals.

13 Fording River Mine, owned and operated by Teck Resources Limited

14 Highland Valley Mine, owned and operated by Teck Resources Limited

- On September 7, 2017, our NAE Transportation Partners consortium was shortlisted (one of three) in the bidding process for the estimated $300 million public, private partnership ("P3") project to build, finance, operate and maintain a 97-kilometer all-season gravel highway in the southern Northwest Territories (the Tlicho All-Season Road Project). Our bidding partners in our consortium are Eiffage Canada[15] and LaPrairie Group of Companies [16]. Bids are due in August, 2018, with the project award anticipated late in 2018.
- Our Red River Valley Alliance bidding activity is currently on hold, pending resolution of certain legal actions delaying the project's permitting activities. The Red River Valley Alliance is a consortium including Acciona[17], Shikun Binui[18], InfraRed Capital Partners[19], and North American Enterprises Ltd. (a subsidiary of North American Energy Partners Inc.) which was short listed on October 13, 2016, for the Fargo-Moorhead Flood Risk Management Project. The project is based in the flood plains of Fargo, North Dakota and Moorhead, Minnesota, creating a flood diversion for the Red River that flows north into Winnipeg, Manitoba. The Red River Valley Alliance is one of four consortium's short listed for a significant portion (approximately US$800 million), of the estimated US$2.2 billion comprehensive project. We are awaiting news on the resolution of the legal delays encountered by the project.

- We generated $27.0 million of free cash flow for the year ended December 31, 2017, down from $30.1 million of free cash flow generated for the year ended December 31, 2016. The slight reduction in free cash in the current year was a result of a larger amount of cash used to support sustaining capital investments, mitigated by our stronger profitability.
  - We ended 2017 with a $8.2 million cash balance, compared to a $13.7 million cash balance at the end of 2016.
- On March 15, 2017, we issued $40.0 million in aggregate principal amount of 5.50% convertible, unsecured subordinated debentures (the "Convertible Debentures") which mature on March 31, 2024.
  - We pay an annual interest rate of 5.50%, payable semi-annually on March 31 and September 30 of each year, commencing September 30, 2017.
  - The Convertible Debentures may be converted into common shares at the option of the holder at a conversion price of $10.85 per common share, which is equivalent to approximately 92.1659 common shares per $1,000 principal amount of notes.
- On August 1, 2017, we entered into a new credit facility agreement (the "Credit Facility") with a banking syndicate led by National Bank of Canada, replacing our previous Sixth Amended and Restated Credit Agreement (the "Previous Credit Facility").
  - The Credit Facility provides borrowings of up to $140.0 million with an ability to increase the maximum borrowings by an additional $25.0 million, subject to certain conditions (an increase from the $70.0 million revolver and $30.0 million term loan of the Previous Credit Facility).
  - This facility matures on August 1, 2020, with an option to extend on an annual basis.
  - The Credit Facility also allows for a capital lease limit of $100.0 million (an increase from the $90.0 million limit under the Previous Credit Facility).
  - Unlike our Previous Credit Facility, the Credit Facility is comprised solely of a revolver feature and does not have a borrowing base to limit available borrowings.

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15 Eiffage Canada is a French global leading contractor (ranked # 17 ENR 2014), operating through five business lines: concessions and public-private partnerships (P3), construction, public works, energy and metal.

16 LaPrairie Group of Companies is 100% Canadian owned and offers full-service contracting, road and bridge maintenance, road construction, and mining services.

17 Acciona Concesiones S.L is a wholly-owned subsidiary of Acciona S.A. (Guarantor), a company listed on the Spanish IBEX 35 Index. Acciona Concesiones undertakes the development, design, construction, financing, management and operation of transportation and social infrastructure.

18 Shikun & Binui Concessions USA, Inc. (“SBC USA”) is the U.S. infrastructure development subsidiary of Shikun & Binui Ltd., the Guarantor for SBC USA. SBC USA has proven its ability to secure contracts for P3 projects successfully under various concession schemes - including availability payments and revenue risk concessions - and in various market conditions.

19 InfraRed Capital Partners Limited is a leading global venture capital firm specializing in infrastructure and real estate investments.

- The Credit Facility pricing includes a twenty-five basis point reduction to our borrowing rate and a five basis point reduction to our standby rate, at our current leverage ratio, when compared to the Previous Credit Facility pricing.
- We believe that this new facility is less restrictive, supports our strategic priorities and provides us with the ability to expand our liquidity in line with our growth.s

- At December 31, 2017 our total debt was $139.0 million compared to $101.0 million at December 31, 2016.
  - Our current year total debt borrowings include $32.0 million borrowed against our Credit Facility ($39.6 million on our Previous Credit Facility in 2016), $40.0 million in Convertible Debentures borrowings ($nil in 2016) and $67.0 million of capital lease borrowing ($61.4 million in 2016).
- On March 14, 2017, S&P Global Ratings ("S&P") [20] affirmed our "B" long-term corporate credit rating. At the same time, they affirmed our "intermediate" standing for their financial risk profile. S&P stated that the stable outlook reflects their view that our financial risk profile will have ample cushion at the "B". For a discussion of our debt ratings, see the "Resources and Systems - Debt Ratings" in this MD&A.
- On October 31, 2017 we announced a change in our Board of Director and Management structure
  - Martin R. Ferron assumed the role of Chairman of the Board, in addition to his role as Chief Executive Officer, taking over from Ronald A. McIntosh who stepped down from his Chairman role.
  - Joseph C. Lambert assumed the role of President in addition to that of Chief Operating Officer, taking over from Martin R. Ferron who stepped down from his President role.
  - Bryan D. Pinney assumed the role of Lead Director of the Board.
- During 2017 we entered into a series of normal course issuer bid ("NCIB") programs
  - As at December 31, 2017, we have used $15.0 million in cash to purchase and subsequently cancel a total of 2,625,557 common shares in the normal course during the current year. The current year NCIB programs have reduced our outstanding common share balance to 25,452,224 as at December 31, 2017. For a complete discussion on our NCIB programs see "Resources and Systems - Securities and Agreements" in this MD&A.
  - The outstanding common share balance is net of the 2,617,926 common shares classified as treasury shares as at December 31, 2017 (we used $4.7 million in cash for the purchase of treasury shares in 2017).

A complete discussion on our significant business events for the past three years along with our 2018 strategic priority and tactics can be found in our most recent Annual Information Form ("AIF").

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

C. OUR BUSINESS

Five Year Financial 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)	2017	2016	2015	2014	2013
Operating Data					
Revenue	$ 292,557	$ 213,180	$ 281,282	$ 471,777	$ 470,484
Gross profit	39,647	32,343	31,890	51,400	45,739
Gross profit margin	13.6%	15.2%	11.3%	10.9%	9.7%
Operating income (loss)	13,407	3,923	2,837	11,599	(2,683)
Net income (loss) from continuing operations	5,264	(445)	(7,470)	(697)	(18,047)
EBIT[1]	13,411	5,290	2,296	11,035	84,779
EBIT margin[1]	4.6%	2.5%	0.8%	2.3%	18.0%
Consolidated EBITDA from continuing operations[1]	62,012	50,073	48,534	64,442	43,466
Consolidated EBITDA margin from continuing operations[1]	21.2%	23.5%	17.3%	13.7%	9.2%
Net (loss) income[2]	5,264	(445)	(7,470)	(1,169)	69,184
Per share information from continuing operations					
Net income (loss) - basic	$ 0.20	$ (0.01)	$ (0.23)	$ (0.02)	$ (0.50)
Net income (loss) - diluted	$ 0.18	$ (0.01)	$ (0.23)	$ (0.02)	$ (0.50)
Per share information					
Net income (loss) - basic	$ 0.20	$ (0.01)	$ (0.23)	$ (0.03)	$ 1.91
Net income (loss) - diluted	$ 0.18	$ (0.01)	$ (0.23)	$ (0.03)	$ 1.89
Balance Sheet Data					
Total assets[3]	$ 383,644	$ 350,081	$ 360,177	$ 456,581	$ 445,641
Total Debt[3][4]	138,969	100,972	110,942	128,324	118,295
Net Debt[5]	130,783	87,306	78,591	127,368	104,553
Total shareholders' equity	145,924	158,954	171,618	189,579	191,835
Outstanding common shares, excluding treasury shares	25,452,224	28,305,660	31,893,478	34,334,024	34,746,236
Treasury shares	2,617,926	2,213,247	1,256,803	589,892	—
Total Debt to shareholders' equity[6]	1.0:1	0.6:1	0.6:1	0.7:1	0.6:1
Shareholder's equity per share[7]	$ 5.20	$ 5.21	$ 5.18	$ 5.43	$ 5.52
Cash dividend declared per share	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.00

1 "Consolidated EBITDA from Continuing Operations" and "Consolidated EBITDA margin from Continuing Operations" is defined as Consolidated EBITDA and Consolidated EBITDA margin excluding results from discontinued operations. For a definition of EBIT, EBIT margin, Consolidated EBITDA and Consolidated EBITDA margin, and a reconciliation to net (loss) income see "Non-GAAP Financial Measures" and "Summary of Consolidated Results" in this MD&A.

2 Net (loss) income includes results from discontinued operations for the year ended December 31, 2014 and 2013, respectively. Revenue, gross profit, operating income (loss) and Consolidated EBITDA excludes results from discontinued operations.

3 Total assets and Total Debt have been adjusted to only include assets and debt associated with continuing operations for all periods presented.

4 Total Debt is calculated as the sum of Convertible unsecured subordinated debentures, capital lease obligations and credit facilities.

5 Net Debt is calculated as Total Debt less cash and cash equivalents recorded on the balance sheet, excluding deferred financing costs.

6 Total Debt to shareholders' equity is calculated as Total Debt divided by shareholders' equity recorded on the balance sheet.

7 Shareholders' equity per share is calculated as shareholders' recorded on the balance sheet divided by the number of common shares outstanding.

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 four producers currently mining bitumen in the oil sands since inception of their respective projects: Syncrude, Suncor, Imperial Oil[21] 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.

21 Imperial Oil Resources Limited (Imperial Oil).

We believe that we operate one of the largest fleet of equipment of any contract resource services provider in the oil sands. Our total fleet (owned, leased and rented) includes approximately 402 pieces of diversified heavy construction equipment supported by over 1,488 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 leverage 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 provincial infrastructure projects across Canada. We remain committed to expanding our operations outside of the Canadian oil sands.s

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 and support services for plants and refineries, including in situ oil sands facilities, and we provide heavy equipment maintenance services.

We maintain our large diversified fleet of heavy equipment and ancillary equipment from our two significant maintenance and repair centers, one based in Fort McMurray, Alberta on a customer's mine site 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;
- operational flexibility; and
- strong balance sheet to weather the cyclical risks prevalent in the oil sands.

For a complete discussion of our competitive strengths, see the "Business Overview - Competitive Strengths" section of our 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 customer demand sources:

- operations support services; and
- construction services.

Our revenue is generated from three main end markets:

- Canadian oil sands;
- non-oil sands resource development; and

NOA

- provincial infrastructure.

The flexibility of our equipment fleet and technical expertise is such that we can move people and equipment across revenue sources and markets to support the different types of project's needs.

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

Our Strategy

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

	Year Ended December 31,		
(dollars in thousands, except per share amounts)	2017	2016	Change
Revenue	$ 292,557	$ 213,180	$ 79,377
Project costs	116,346	80,023	36,323
Equipment costs	91,829	60,020	31,809
Depreciation	44,735	40,794	3,941
Gross profit	39,647	32,343	7,304
Gross profit margin	13.6%	15.2 %	(1.6)%
Select financial information:			
General and administrative expenses (excluding stock-based compensation)	21,304	21,192	112
Stock-based compensation expense	3,995	6,030	(2,035)
Operating income	**13,407**	**3,923**	**9,484**
Interest expense	6,943	5,784	1,159
Net income (loss)	**$ 5,264**	**$ (445)**	**$ 5,709**
Net income (loss) margin[(1)]	1.8%	(0.2)%	2.0 %
EBIT[(1)]	**$ 13,411**	**$ 5,290**	**$ 2,296**
EBIT margin[(1)]	4.6%	2.5 %	0.8 %
EBITDA[(1)]	$ 59,064	$ 47,772	$ 11,292
Consolidated EBITDA[(1)]	**$ 62,012**	**$ 50,073**	**$ 11,939**
Consolidated EBITDA margin[(1)]	21.2%	23.5 %	(2.3)%
Adjusted EBITDA[(1)]	**$ 63,082**	**$ 53,312**	**$ 9,770**
Adjusted EBITDA Margin[(1)]	21.6%	25.0 %	(3.4)%
Per share information			
Net income (loss) - Basic	$ 0.20	$ (0.01)	$ 0.21
Net income (loss) - Diluted	$ 0.18	$ (0.01)	$ 0.19
Cash dividend declared per share	$ 0.08	$ 0.08	$ —

[(1)] See "Non-GAAP Financial Measures". A reconciliation of net income (loss) to EBIT, EBITDA, Consolidated EBITDA and Adjusted EBITDA is as follows:

	Year Ended December 31,	
(dollars in thousands)	2017	2016
Net income (loss)	$ 5,264	$ (445)
Adjustments:		
Interest expense, net	6,943	5,784
Income tax expense (benefit)	1,204	(49)
EBIT	**$ 13,411**	**$ 5,290**
Adjustments:		
Depreciation	44,735	40,794
Amortization of intangible assets	918	1,688
EBITDA	**$ 59,064**	**$ 47,772**
Adjustments:		
Loss (gain) on disposal of property, plant and equipment	189	(116)
Gain on disposal of assets held for sale	(166)	(374)
Equity classified stock-based compensation expense	2,925	2,791
Consolidated EBITDA	**$ 62,012**	**$ 50,073**
Adjustments:		
Liability classified stock-based compensation expense	1,070	3,239
Adjusted EBITDA	**$ 63,082**	**$ 53,312**

Analysis of Consolidated Annual Results

Revenue

For the year ended December 31, 2017, revenue was $292.6 million, up from $213.2 million for the year ended December 31, 2016. The increase in revenue is primarily due to an expanded 2016-2017 winter works program during the first quarter of the current year, driven by the award of reclamation work at the Mildred Lake mine site and an earlier start to our 2017-2018 winter works program at both the Millennium and Mildred Lake mine sites in the fourth quarter of this year. Contributing to the stronger results in the current year was an increase in overburden removal activity at the Millennium mine which more than offset lower first quarter tailings pond support activity and

reduced summer haul road development activity at the same mine site during the year. We continued to maintain strong mine services volumes at the Kearl mine during the current year while also recently ramping up on the early-works portion of a heavy civil construction project at this site. In addition, with the April 2017 start-up of our new Dene North Site Services partnership, we began to leverage our partnership's mine support services offerings with the successful completion of a complex civil construction project at the Aurora mine.

Volumes in the second quarter of the current year were negatively impacted by a customer's cancellation of a significant earthworks contract, as a result of a plant fire. We were able to secure replacement work for the majority of the fleet committed to the cancelled project, but lost the early start-up advantage as we had to relocate the equipment to other sites. Contributing to the slower spring quarter was the ever changing weather conditions during the period which resulted in shift cancellations and continuous haul road repairs for our overburden removal work.

We expanded of our non-oil sands activity during the latter portion of the current year with the June 2017 award of a mine support contract at the Fording River coal mine, in southeast British Columbia and the September 2017 award of a three year mine support services contract at the Highland Valley copper mine in central British Columbia. These new awards complemented the mine support activities at the Red Chris copper mine, located in northern British Columbia, which wrapped up in the fourth quarter of the current year.

Our ability to take on these stronger volumes was aided by the expansion of our heavy haul fleet capacity with the investment in growth capital early in the year, as we acquired certain used heavy equipment pieces from a competitor exiting the large earthworks marketplace and we further leveraged our prior year capital investment in equipment technology that expanded the haul capacity of certain of our existing heavy haul trucks.

Prior year revenue was significantly impacted by the Fort McMurray wildfire and subsequent operational shut down. The wildfire significantly delayed the ramp up of our summer mine support activities until well into the third quarter of that year.

Gross profit

For the year ended December 31, 2017, gross profit was $39.6 million or 13.6% of revenue, up from $32.3 million or 15.2% of revenue in the previous year. The higher gross profit was primarily driven by the higher revenue in the current year. The benefits from the higher volumes were partially offset by a lower gross profit margin for the current year, driven by weaker second quarter performance that offset the strong results from our 2016-2017 winter works program in the first quarter and the benefits to our profitability from the earlier start of our 2017-2018 winter works program in the fourth quarter. The second quarter performance was negatively affected by start-up delays on new projects as a result of the earthworks contract cancellation coupled with weather related lower operational productivity and haul road repairs on our overburden removal work. Contributing to our lower gross profit margins in the current year was lower pricing negotiated by our customers on our long-term service agreements. In comparison to the previous year, we also saw a return to a normalized level of equipment maintenance activities in the current year as our equipment and maintenance personnel were available to complete our equipment servicing.

The completion of planned summer maintenance activities in the prior year was curtailed by the impact of the Fort McMurray wildfire and subsequent operational shutdown coupled with the slow start-up of customer activities through the balance of the summer. As we entered the fourth quarter of the current year our equipment costs as a percent of revenue were consistent between the current and prior year periods, despite the expansion of active project sites, which included a large heavy equipment fleet located at the Fording River coal mine, the mobilization of an equipment fleet to the Highland Valley copper mine and the demobilization of the equipment fleet from the Red Chris copper mine.

Depreciation for the year ended December 31, 2017 was $44.7 million (15.3% of revenue) up from $40.8 million (19.1% of revenue) for the year ended December 31, 2016. The current year decrease in depreciation as a percent of revenue is starting to reflect the benefits we are realizing from our recent program of securing quality used equipment at discounted prices from sellers looking to exit the market place, while also leveraging our strong maintenance expertise and programs to extend the expected lives of our current fleet. The prior year depreciation as a percent of revenue was negatively impacted by a disproportionate amount of fixed charge depreciation for certain of our support equipment recorded during the Fort McMurray wildfire related operational shutdown.

Operating income

For the year ended December 31, 2017, operating income was $13.4 million, up from $3.9 million for the year ended December 31, 2016.

G&A expense (excluding stock-based compensation expense) was $21.3 million for the year ended December 31, 2017, comparable to the $21.2 million recorded in the year ended December 31, 2016. Stock-based compensation

cost decreased $2.0 million compared to the previous year primarily as a result of the previous year's more significant upward movement in share price and its effect on the carrying value of the liability classified award plans. In addition, we recorded $0.9 million of amortization of intangible assets in the current year compared to $1.7 million recorded for the year ended December 31, 2016.

Net income (loss)

For the year ended December 31, 2017, we recorded a net income of $5.3 million (basic income per share of $0.20 and diluted income per share of $0.18), compared to a net loss of $0.4 million (basic and diluted loss per share of $0.01) for the year ended December 31, 2016. The net income in the current year included the recording of $6.9 million of interest expense compared to $5.8 million of interest expense recorded in the prior year. The prior year also included $1.4 million recorded in other income, generated from the sale of other current assets. The $1.2 million combined income tax expense recorded in the current year is higher than the $0.1 million income tax benefit recorded last year.

Basic and diluted income per share in the current period was partially affected by the reduction in issued and outstanding common shares (28,070,150 as at December 31, 2017 compared to 30,518,907 outstanding voting common shares as at December 31, 2016). For a full discussion on our capital structure see "Resources and Systems - Securities and Agreements" in this MD&A.

Summary of Consolidated Three Month Results

	Three Months Ended December 31,		
(dollars in thousands, except per share amounts)	2017	2016	Change
Revenue	$ 82,046	$ 62,201	$ 19,845
Project costs	33,720	24,442	9,278
Equipment costs	24,460	18,666	5,794
Depreciation	11,854	12,701	(847)
Gross profit[1]	12,012	6,392	5,620
Gross profit margin[1]	14.6%	10.3 %	4.3 %
Select financial information:			
General and administrative expenses (excluding stock-based compensation)	5,738	4,996	742
Stock-based compensation expense	1,617	2,753	(1,136)
Operating income (loss)	**4,538**	**(1,182)**	**5,720**
Interest expense	1,989	1,136	853
Net income (loss)	**$ 2,450**	**$ (497)**	**$ 2,947**
Net income (loss) margin[1]	3.0%	(0.8)%	3.8 %
EBIT[1]	**$ 4,510**	**$ 195**	**$ 4,315**
EBIT Margin[1]	5.5%	0.3 %	5.2 %
EBITDA[1]	$ 16,478	$ 13,033	$ 3,445
Consolidated EBITDA[1]	**$ 17,238**	**$ 13,504**	**$ 3,734**
Consolidated EBITDA margin[1]	21.0%	21.7 %	(0.7)%
Adjusted EBITDA[1]	**$ 18,100**	**$ 15,474**	**$ 2,626**
Adjusted EBITDA Margin[1]	22.1%	24.9 %	(2.8)%
Per share information			
Net income (loss) - Basic	$ 0.10	$ (0.02)	0.12
Net income (loss) - Diluted	$ 0.09	$ (0.02)	0.11
Cash dividend declared per share	$ 0.02	$ 0.02	$ —

[1] See "Non-GAAP Financial Measures". A reconciliation of net income (loss) to EBIT, EBITDA, Consolidated EBITDA and Adjusted EBITDA is as follows:

	Three Months Ended December 31,	
(dollars in thousands)	2017	2016
Net income (loss)	$ 2,450	$ (497)
Adjustments:		
Interest expense, net	1,989	1,136
Income tax expense (benefit)	71	(444)
EBIT	**$ 4,510**	**$ 195**
Adjustments:		
Depreciation	11,854	12,701
Amortization of intangible assets	114	137
EBITDA	**$ 16,478**	**$ 13,033**
Adjustments:		
Gain on disposal of property, plant and equipment	(54)	(292)
Loss (gain) on disposal of assets held for sale	59	(20)
Equity classified stock-based compensation expense	755	783
Consolidated EBITDA	**$ 17,238**	**$ 13,504**
Adjustments:		
Liability classified stock-based compensation expense	862	1,970
Adjusted EBITDA	**$ 18,100**	**$ 15,474**

Analysis of Three Month Results

Revenue

For the three months ended December 31, 2017, revenue was $82.0 million, up from $62.2 million in the same period last year. The increase in revenue was a result of an earlier ramp up of our expanded winter work programs at the Mildred Lake and Millennium mines coupled with the award of an early-works heavy civil construction project at the Kearl mine. Contributing to the stronger results in the quarter was mine support services activity at the Fording River coal mine in southeast British Columbia, the start of a three year mine support services contract at the Highland Valley copper mine in central British Columbia and the wrap-up of a site development project by our Dene North Site Services partnership at the Aurora mine. Our ability to take on these stronger volumes was aided by the expansion of our heavy haul fleet capacity with the investment in growth capital earlier in the year, as we acquired certain used heavy equipment pieces from a competitor exiting the large earthworks marketplace and we further leveraged our prior year capital investment in equipment technology that expanded the haul capacity of certain of our existing heavy haul trucks.

This increased activity in the quarter more than offset a reduction, compared to the previous period, in heavy civil construction work at the Mildred Lake and Aurora mines, lower mine support volumes at the Kearl mine and the completion of a site development project at the Red Chris copper mine in northern British Columbia.

Gross Profit

For the three months ended December 31, 2017, gross profit was $12.0 million or 14.6% of revenue, up from a gross profit of $6.4 million or 10.3% of revenue during the same period last year. The higher gross profit in the current period was driven by the higher volume of activity in the quarter coupled with improved productivity on our winter works programs at the Mildred Lake and Millennium mines with the earlier onset of winter conditions, compared to last year. Equipment costs as a percent of revenue were consistent between the two periods, despite the expansion of active project sites, which included a large heavy equipment fleet located at the Fording River coal mine, the mobilization of an equipment fleet to the Highland Valley copper mine and the demobilization of the equipment fleet from the Red Chris copper mine.

For the three months ended December 31, 2017, depreciation was $11.9 million, or 14.4% of revenue, down from $12.7 million, or 20.4% of revenue in the same period last year. The current period decrease in depreciation as a percent of revenue is starting to reflect the benefits we are realizing from our recent program of securing quality used equipment at discounted prices from sellers looking to exit the market place, while also leveraging our strong maintenance expertise and programs to extend the expected lives of our current fleet.

Operating income (loss)

For the three months ended December 31, 2017, operating income was $4.5 million, compared to operating loss of $1.2 million during the same period last year. G&A expense (excluding stock-based compensation expense) was $5.7 million for the three months ended December 31, 2017, up from $5.0 million in the same period last year, reflecting the timing of accruals for short-term incentive plan costs recorded in the quarter, compared to the previous year.

Stock-based compensation expense decreased $1.1 million compared to the prior year primarily as a result of the effect of the previous year's more significant upward movement in share price and its effect on the carrying value of the liability classified award plans.

Net income (loss)

For the three months ended December 31, 2017, net income was $2.5 million (basic income per share of $0.10 and diluted income per share of $0.09), compared to a net loss of $0.5 million (basic and diluted loss per share of $0.02) during the same period last year. Net income in the current quarter included the recording of $2.0 million in interest expense compared to $1.1 million recorded to interest expense in the previous period. The previous period's net loss included $1.4 million in other income generated from the sale of other current assets. The combined income tax expense recorded in the current period of $0.1 million for the three months ended December 31, 2017 is an increase from the $0.4 million combined income tax benefit recorded for the three months ended December 31, 2016.

Non-Operating Income and Expense

	Three Months Ended December 31,		Year Ended December 31,	
(dollars in thousands)	2017	2016	2017	2016
Interest expense				
Long-term debt				
Interest on Series 1 Debentures	$ —	$ —	$ —	$ 977
Interest on Convertible Debentures	555	—	1,760	—
Interest on credit facilities	381	453	1,507	1,593
Interest on capital lease obligations	692	652	3,023	2,836
Amortization of deferred financing costs	376	63	797	572
Interest on long-term debt	$ 2,004	$ 1,168	$ 7,087	$ 5,978
Interest income	(15)	(32)	(144)	(194)
Total interest expense	$ 1,989	$ 1,136	$ 6,943	$ 5,784
Foreign exchange loss (gain)	28	(2)	(4)	8
Income tax expense (benefit)	71	(444)	1,204	(49)

Interest expense

Total interest expense was $2.0 million during the three months ended December 31, 2017 , up from $1.1 million in the same period last year. In the year ended December 31, 2017, total interest expense was $6.9 million, up from the $5.8 million the year ended December 31, 2016.

Interest on our Series 1 Debentures was $nil during both the three months and year ended December 31, 2017 , compared to $1.0 million in the year ended December 31, 2016. The reduction is a result of the redemption of the remaining $19.9 million of Series 1 Debentures during the prior year.

We recorded $0.6 million and $1.8 million, respectively, in interest on our newly issued Convertible Debentures during the three months and year ended December 31, 2017 as a result of the issuance of $40.0 million in Convertible Debentures in March 2017. A more detailed discussion on our Convertible Debentures can be found under "Significant Business Events - Accomplishments against our 2017 strategic priority".

Interest on our credit facilities of $0.4 million and $1.5 million, respectively, during the three months and year ended December 31, 2017 , remained comparable to corresponding prior year periods. The slight decrease in the current year interest is related to the lower average borrowing on the credit facilities in the current year compared to the previous year.

Interest on capital lease obligations of $0.7 million and $3.0 million, respectively, during the three months and year ended December 31, 2017 , was slightly higher than corresponding prior year periods. The higher expense for both current periods was primarily due to an increase in our assets under capital lease during the year. For a discussion on assets under capital lease see "Resources and Systems - Capital Resources and Use of Cash" in this MD&A.

Amortization of deferred financing costs was $0.4 million and $0.8 million, respectively, for the three months and year ended December 31, 2017, up from $0.1 million and $0.6 million in the respective corresponding periods last year. The current year expense includes amortization of deferred costs related to the credit facilities and the Convertible Debentures, in addition to the write-off of unamortized deferred financing costs related to the Previous Credit Facility. The prior year expense includes the amortization of deferred financing costs for the Previous Credit Facility and the Series 1 Debentures and a write-off of unamortized deferred financing costs upon the redemption of Series 1 Debentures.

Foreign exchange loss (gain)

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

Income tax expense (benefit)

For the three months ended December 31, 2017, we recorded no current income tax expense and a deferred income tax expense of $0.1 million, providing a total income tax expense of $0.1 million. This compares to a combined income tax benefit of $0.4 million recorded for the same period last year.

For the year ended December 31, 2017, we recorded no current income tax expense and a deferred income tax expense of $1.2 million, providing a combined income tax expense of $1.2 million. This compares to a combined income tax benefit of $nil for the year ended December 31, 2016.

Income tax as a percentage of taxable income for the three months and year ended December 31, 2017 differs from the statutory rates of 27.0% primarily due to temporary differences resulting from the non-taxable portion of capital gains and permanent differences resulting from stock-based compensation.

Income tax as a percentage of taxable income for the three months and year ended December 31, 2016 differs from the statutory rate of 27.0% primarily due to temporary differences resulting from the non-taxable portion of capital gains and permanent differences resulting from stock-based compensation, book to filing differences and the disaster relief payment provided to our displaced employees and families during the Fort McMurray wildfire.

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;
- changes in the mix of work from earthworks, with heavy equipment, to more labour intensive, light construction 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;
- the timing of project ramp-up costs as we move between seasons or types of projects;
- the timing of resolution for claims and unsigned change-orders;
- the timing of "mark-to-market" expenses related to the effect of a change in our share price on cash related stock-based compensation plan liabilities; and
- the level of borrowing under our Convertible Debentures, Credit Facility and capital leases and the corresponding interest expense recorded against the outstanding balance of each.

The table, below, summarizes our consolidated results for the eight preceding quarters:

	Three Months Ended							
(dollars in millions, except per share amounts)	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Revenue	**$ 82.0**	**$ 70.0**	**$ 47.6**	**$ 92.8**	**$ 62.2**	**$ 48.2**	**$ 24.2**	**$ 78.5**
Gross profit (loss)	12.0	5.8	(1.2)	23.0	6.4	5.4	2.1	18.4
Operating income (loss)	4.5	1.0	(6.6)	14.4	(1.2)	(0.3)	(5.3)	10.7
EBIT*	4.5	1.1	(6.6)	14.5	0.2	(0.4)	(5.2)	10.7
Consolidated EBITDA*	17.2	12.3	2.2	30.3	13.5	9.0	1.7	25.9
Adjusted EBITDA[i]	18.1	11.5	2.0	31.6	15.5	8.7	2.8	26.3
Net (loss) income	2.5	(0.6)	(6.2)	9.6	(0.5)	(1.4)	(4.9)	6.4
Net income (loss) per share - basic [ii]	$ 0.10	$ (0.02)	$ (0.23)	$ 0.34	$ (0.02)	$ (0.05)	$ (0.16)	$ 0.20
Net income (loss) per shares - diluted [ii]	$ 0.09	$ (0.02)	$ (0.23)	$ 0.31	$ (0.02)	$ (0.05)	$ (0.16)	$ 0.19
Cash dividend declared per share[ii]	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02

i) See "Non-GAAP Financial Measures".

ii) 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.

iii) The timing of the payment of the cash dividend per share may differ from the dividend declaration date.

The results for the three months ended June 30, 2016 and three months ended September 30, 2016 were negatively affected by the shutdown of operations on May 3, 2016 due to the Fort McMurray wildfire and subsequent evacuation of the town and surrounding area. We were able to return to mines sites further north within two weeks, as the impact from the wildfire and evacuation was limited. Mine sites closer to Fort McMurray took longer to ramp up to expected operational levels.

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 access to excavation and dumping areas, as well as associated 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 for work requiring frozen ground access in the oil sands.

Delays in the start of the winter freeze, required to perform this type of work or an abnormal thaw period during the winter months will reduce overall revenues or have an adverse effect on project performance 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 or 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.

Our civil construction revenue, which usually includes a higher percent of low margin materials revenue, generally ramps up after the "spring breakup", once ground conditions stabilize. We typically use lower capacity equipment to support civil construction activities during this period resulting in a lower rate of revenue per equipment hour. Civil construction activity continues until the winter freeze at which time we typically demobilize this lower capacity equipment from the sites. The margin and schedule for this type of work is negatively affected by low productivity if weather delays extend beyond seasonal averages for the construction season. These additional delays can push the project completion into the more costly winter season or require us to re-mobilize to the site after the winter season to complete the project.

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 the resolution of claims and unsigned 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".

Our profitability can also be affected by significant changes to our share price and the effect this change has on the "mark-to-market" valuation of our liability based stock-based compensation plan.

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 in the past two years, which include the reduction of our overhead support costs and the overall restructuring of our debt, have changed the impact of these fixed costs as compared to previous years.

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 obtain change orders from our clients approving scope and/or price adjustments to the contracts. 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 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 year ended December 31, 2017, due to the timing of receipt of signed change orders, we recorded $1.2 million in claims revenue recognized to the extent of costs incurred.

As at December 31, 2017, we had $8.0 million of unresolved claims and change orders, primarily related to one customer, recorded on our balance sheet. This compares to $8.3 million of unresolved claims and change orders recorded on our balance sheet for the year ended December 31, 2016. 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 unresolved claims.

E. OUTLOOK

We have just completed the first year of a three year organic growth plan that is targeting a minimum 15% compound growth in revenue and EBITDA over that three year period.s Our strategy to achieve that growth is to:

1. Build production related recurring services volumes in our core oil sands market, together with the addition of value creating services.
2. Expand our market coverage to include other resource mines (e.g. coal, copper, gold, diamonds etc.) and infrastructure related projects that involve major earthworks.s

Despite the very adverse impact of a severe plant fire at one of our busiest work sites in 2017, we actually achieved 37% and 24% growth in revenue and EBITDA respectively, for the full year. We are also on track to achieve our growth objectives for 2018 and 2019s, with this very positive outlook supported by:

- The successful renewal of all of our oil sands long-term services agreements such that we are not faced with a contract expiration until late 2020;
- Our customers continuing to use economies of scale in production to dramatically lower oil sands operating costs per barrel. s On this theme we are currently executing two large earthworks jobs for the winter season with volumes expected to be roughly 10% higher than last year. The combined value of the work could exceed $90.0 million and will likely continue to benefit all of the first quarter of 2018;s
- The new Fort Hills oil sands mine is anticipated to provide a direct benefit in terms of incremental demand for our services and an indirect benefit from the overall tightening of heavy equipment supply;s
- A good line of sight to meaningful heavy construction activity for the summer season of 2018, after a four year hiatus, due to the deep cyclical downturn in the oil industry;s
- Continuation of earthworks at the Fording River coal mine as we build a strong relationship with an important new customer. Depending on how coal prices hold up, we expect to remain on the work site well into the first half of 2018;s
- The award of a three year site support contract at the Highland Valley copper mine. Revenue, which started in the fourth quarter, was modest at first, but it is expected to increase over the work duration;s
- The availability of several bidding opportunities for further natural resource related contracts, both in Canada and the USA. We expect to build on our bidding success of 2017, with further awards in 2018 and 2019;s
- Further success at pre-qualifying to bid for major infrastructure projects. s In late 2017 we were chosen (three from seven), as part of a strong international consortium, to bid for a significant gravel road construction job in the Northwest Territories;s and
- Good progress with leveraging our core equipment maintenance competence into work for third parties. We already have jobs for two customers in our Edmonton maintenance facility and we believe that this initiative could have a discernible impact on our 2018 results. Beyond that we hope to be up and running in a new, purpose designed and built, state of the art maintenance facility, which will be capable of handling the largest of our customers' equipment assets. Eventually, this external maintenance business could provide more than $30.0 million in annual revenue stream for us.s

Overall we are very encouraged by this bright outlook and are even more confident about meeting our growth targets, while maintaining a strong balance sheet.

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 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. 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, 2017, we had 132 salaried employees (2016 - 131 salaried employees) and approximately 1,040 hourly employees (2016 - 774 hourly employees) in our Western Canadian operations. Of the hourly employees, approximately 84% of the employees are union members and work under collective bargaining agreements (December 31, 2016 - 87% of the employees). 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 ranges in size from 700 employees to approximately 1,600 employees, depending on the time of year, types of work and duration of awarded projects. We also utilize the services of subcontractors in our business. Subcontractors perform an estimated 7.0% to 10.0% of the work we undertake.

The majority of our work is carried out by employees governed by our mining ‘overburden’ collective bargaining agreement with the International Union of Operating Engineers ("IUOE") Local 955, which ensures labour stability through to 2021. Other collective agreements include the provincial collective agreement between the Operating Engineers and the Alberta ‘Roadbuilders and Heavy Construction’ Association ("ARBHCA"), which has expired. The parties have agreed to extend the term of the current agreement while negotiations continue and have also agreed to a project-specific term, with a no-strike/no-lockout clause for long-term work. A collective agreement, specific to work performed in our Acheson maintenance shop between the Operating Engineers and North American Maintenance Ltd., is also in effect and has been extended until February 27, 2018, with negotiations commencing in December 2017. The current agreement will remain in effect until the new agreement has been ratified. Two collective agreements were signed with the Construction and Allied Workers Union, CLAC Local 68 in 2017. One for the Fording River Operations project, located 30 kilometers north of Elkford, British Columbia, expiring in June 2019, and the other for the Highland Valley Copper Mine project located near Logan Lake, British Columbia, expiring in April 2020.

Our relationship with all our employees, both union and non-union, is strong. We have not experienced a strike or lockout, nor do we expect to. s

G. RESOURCES AND SYSTEMS

CAPITAL STRATEGY

Our capital strategy continues to focus on increasing shareholder value and reducing our cost of debt. Our capital strategy activities for the past few years have included significantly restructuring our total debt, lowering our average cost of debt, purchasing and subsequently canceling more than 20% of our voting common shares (since the start of our NCIB programs) and increasing the borrowing flexibility of our Credit Facility. Building on these prior year successes, we took the following actions in 2017:

- To fund future growth opportunities, on March 15, 2017, we issued $40.0 million in unsecured Convertible Debentures at a coupon rate of 5.50%.
- To support our strategic priority and provide us with an ability to expand our liquidity in line with our growth, on August 1, 2017, we entered into a new Credit Facility with a banking syndicate led by National Bank of Canada, replacing our Previous Credit Facility. The Credit Facility:
    - Expanded our borrowing capability to $140.0 million from the Previous Credit Facility limit of $100.0 million;
    - Increased our borrowing flexibility by eliminating the limitations of a borrowing base which defined available borrowings on the Previous Credit Facility;
    - Increased our capital lease limit to $100.0 million from the Previous Credit Facility limit of $90.0 million; and
    - Reduced our borrowing rate by twenty-five basis points compared to the Previous Credit Facility.
- We continued to drive down our cost of debt by leveraging the leasing capacity and competitive pricing provided by our equipment leasing partners to finance $34.7 million of new and used equipment through capital leases.
- As we strive to increase shareholder value per share, we completed normal course purchases and subsequent cancellations of almost 2.6 million voting common shares in the current year, purchased in Canada and the United States, primarily through the facilities of the TSX and NYSE, at a volume weighted average price of $5.70 per share. With this 2017 NCIB activity we have now purchased and subsequently cancelled 27% of our voting common shares since we started the NCIB programs.
- Continued to purchase and hold voting common shares in the trust established for the future settlement of units issued under certain of our stock-based compensation plans (which shares are classified as treasury shares on our balance sheet). Our treasury shares, purchased well in advance of our stock-based compensation settlement dates, have a positive impact on shareholder dilution and future cash costs.s
    - Our treasury share balance increased by almost 0.4 million voting common shares to over 2.6 million as at December 31, 2017.
- Continued with our dividend policy, declaring $0.08 in dividends per share for the year.

In 2017 we were able to further strengthen our debt structure and leverage it to support the growth of our business through growth capital investments while continuing to drive benefits to shareholders through the continuation of our NCIB programs. We continue to take advantage of our Credit Facility to deal with working capital demands from the start-up of new projects and build on our flexibility to be more competitive with our pricing in the oil sands and to succeed despite uncertain times in oil price driven marketplaces. As a result, our total debt is $139.0 million at December 31, 2017, compared to $101.0 million at December 31, 2016.

- Our current year total debt borrowings include $32.0 million borrowed against our Credit Facility ($39.6 million on our Previous Credit Facility at December 31, 2016), $40.0 million in Convertible Debentures borrowings ($nil at December 31, 2016) and $67.0 million of capital lease borrowing ($61.4 million at December 31, 2016).
- We ended the current year with $8.2 million in cash ($13.7 million at December 31, 2016).

For a complete discussion on these activities see "Credit Facility" and "Securities and Agreements" in this section of the MD&A.

SUMMARY OF CONSOLIDATED CASH FLOWS

Consolidated cash flows are summarized in the table below:

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	2017	2016	2017	2016
Cash provided by operating activities	5,336	3,890	49,745	39,831
Cash used by investing activities	(10,051)	(2,027)	(33,595)	(10,516)
Cash provided (used) by financing activities	2,190	(11,312)	(21,630)	(48,000)
Net decrease in cash	**(2,525)**	**(9,449)**	**(5,480)**	**(18,685)**

Operating activities

Cash (used) provided by the net change in non-cash working capital specific to operating activities are summarized in the table below:

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Net change in non-cash working capital				
Accounts receivable	(3,111)	(18,395)	(7,148)	(15,344)
Unbilled revenue	(6,163)	(968)	(5,607)	1,600
Inventories	(2,039)	(736)	(1,288)	(1,437)
Prepaid expenses and deposits	945	332	(283)	126
Accounts payable	(2,665)	6,573	5,640	4,517
Accrued liabilities	1,912	3,173	1,904	4,144
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	260	1,050	(247)	614
	$ (10,861)	$ (8,971)	$ (7,029)	$ (5,780)

During the three months ended December 31, 2017, cash provided by operating activities was $5.3 million, up from $3.9 million provided during the three months ended December 31, 2016. The increase in cash flow in the current period is primarily due to increased profitability, partially offset by $10.9 million in cash used to fund growth in non-cash working capital during the quarter ($9.0 million used to fund a growth in non-cash working capital in the prior period). The earlier ramp of activity in the current quarter drove a typical increase in accounts receivable and unbilled revenue in the period, however the prior period ramp up of the accounts receivable balance was more significant due to a lower than normal balance in accounts receivable at the start of the prior period as a result of the low summer activity caused by the operational shutdown. The growth in the inventory balance in the current quarter was driven by the timing of tires required to support our winter works program. The growth in accounts payable and accrued liabilities in the prior period was driven by a higher volume of maintenance activities later in the prior period with settlement terms that extended beyond the end of the period.

During the year ended December 31, 2017, cash provided in operating activities was $49.7 million, up from $39.8 million provided during the year ended December 31, 2016. The increased cash from operations in the current period is a result of increased profitability partially offset by $7.0 million in cash used to fund the growth in non-cash working capital during the year ($5.8 million in cash used to fund non-cash working capital growth in the prior year). The earlier ramp up of activity in the current year drove a typical increase in accounts receivable and unbilled revenue in the period, however the prior period ramp up of fourth quarter activity was more pronounced due to the award of a new winter works program at the Mildred Lake mine. The growth in accounts payable and accrued liabilities in the prior period was driven by a higher volume of maintenance activities later in the prior period with settlement terms that extended beyond the end of the period.

There are currently no legal or economic restrictions on our subsidiaries that could impair the ability for us to pay dividends.

Investing activities

During the three months ended December 31, 2017, cash used for investing activities was $10.1 million, compared to $2.0 million in cash used for investing activities in the three months ended December 31, 2016. Investing activities for the three months ended December 31, 2017 included $21.2 million for the purchase of property, plant, equipment and intangible assets along with $0.3 million provided to the partnership as a long-term loan. This is partially offset by $11.4 million in proceeds from the disposal of plant and equipment and assets held for sale. Prior year investing activities included $12.7 million for the purchase of property, plant, equipment and intangible assets, offset by $10.7 million cash received on the disposal of property, plant and equipment and assets held for sale.

Current quarter proceeds included $11.2 million received from a financing arrangement for some of our heavy equipment fleet ($9.2 million included in proceeds for a similar arrangement in the prior period).

During the year ended December 31, 2017, cash used for investing activities was $33.6 million, compared to $10.5 million used by investing activities during the year ended December 31, 2016. Investing activities for the year ended December 31, 2017 included $53.9 million of cash used for property, plant, equipment and intangible asset purchases, $1.2 million in contributions to the Dene North partnership for our 49% ownership interest and $1.0 million provided to the partnership as a long-term loan. This was offset by cash inflows of $22.4 million from the disposal of property, plant and equipment and assets held for sale.

Investing activities during the year ended December 31, 2016 included $27.4 million of property, plant, equipment and intangible asset purchases, offset by $16.9 million in proceeds for the disposal of property, plant and equipment and assets held for sale.

Current year proceeds included $20.3 million received from a financing arrangement for some of our heavy equipment fleet ($13.9 million included in proceeds for a similar arrangement in the prior period).

Financing activities

Cash provided in financing activities during the three months ended December 31, 2017, was $2.2 million driven by $10.0 million increase in cash from the Credit Facility partially offset by $7.3 million in capital lease obligation repayments. Cash used in financing activities for the three months ended December 31, 2016 was $11.3 million, driven by $1.1 million in scheduled principal repayments on the Previous Credit Facility term loan, $5.6 million in capital lease obligation repayments, $3.2 million for the purchase and subsequent cancellation of common shares and $1.1 million for treasury share purchases.

For the year ended December 31, 2017, cash used in financing activities was $21.6 million, which included $40.0 million of proceeds received from issuing Convertible Debentures, $8.2 million of net credit facility repayments, $29.2 million in capital lease obligation repayments, $15.0 million for the purchase and subsequent cancellation of common shares, $4.7 million of treasury share purchases and $3.0 million in financing costs incurred from issuing the Convertible Debentures and new Credit Facility. Cash used in financing activities during the year ended December 31, 2016 was $48.0 million, driven by $19.9 million for the repurchase of Series 1 Debentures (partially financed by $17.0 million in Previous Credit Facility borrowings), $6.0 million of Previous Credit Facility repayments, $24.5 million in capital lease obligation repayments, $9.2 million for the purchase and subsequent cancellation of common shares and $3.7 million of treasury share purchases.

LIQUIDITY

As at December 31, 2017, we had $8.2 million in cash and $107.2 million of unused borrowing availability on the Credit Facility for a total liquidity of $115.4 million (defined as cash plus available and unused Credit Facility borrowings). This compared to our total liquidity of $65.4 million at December 31, 2016 ($13.7 million cash and $51.7 million available and unused Previous Credit Facility Revolver borrowing).

Our liquidity is complemented by available borrowings through our equipment leasing partners. Under the terms of our Credit Facility, our capital lease borrowing is limited to $100.0 million compared to the capital lease borrowing limit of $90.0 million under the terms of the Previous Credit Facility. As at December 31, 2017, we had $33.0 million in unused capital lease borrowing availability under the terms of our Credit Facility compared to $28.6 million in unused capital lease borrowing availability at December 31, 2016 under the terms of our Previous Credit Facility. There are no restrictions within the terms of our Credit Facility relating to the use of operating leases.

Summary of Consolidated Financial Position

(dollars in thousands)	December 31, 2017	December 31, 2016
Cash	$ 8,186	$ 13,666
Current working capital assets		
Accounts receivable	$ 47,228	$ 40,080
Unbilled revenue	21,572	15,965
Inventories	4,754	3,437
Prepaid expenses and deposits	1,898	1,551
Assets held for sale	5,642	247
Current working capital liabilities		
Accounts payable	(35,191)	(29,551)
Accrued liabilities	(13,879)	(11,175)
Billings in excess of costs	(824)	(1,071)
Total net current working capital (excluding cash)	$ 31,200	$ 19,483
Intangible assets	938	1,790
Property, plant and equipment	278,648	256,452
Total assets	383,644	350,081
Total long-term financial liabilities[1][2]	(75,505)	(73,609)
Capital lease obligations (including current portion)	(66,969)	(61,400)
Credit facilities (including current portion)[1]	(32,000)	(39,572)
Convertible Debentures[1]	(40,000)	—
Total Debt[3]	(138,969)	(100,972)
Cash	8,186	13,666
Net Debt[3]	(130,783)	(87,306)

(1) Excludes deferred financing costs.

(2) Total long-term financial liabilities exclude the current portions of capital lease obligations, long-term lease inducements, asset retirement obligations and both current and non-current deferred income tax balances.

(3) For a definition of Total Debt and Net Debt, see "Non-GAAP Financial Measures".

Current working capital fluctuations effect on liquidity

As at December 31, 2017, we had $0.3 million in trade receivables that were more than 30 days past due, down from $2.1 million as at December 31, 2016. We did not require an allowance for doubtful accounts related to our trade receivables, for the current or prior year. We continue to monitor the credit worthiness of our customers.

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 related to unexecuted change orders are recorded as unbilled revenue only to the extent of costs incurred. As of December 31, 2017, we had $8.0 million of unresolved claims and change orders recorded on our balance sheet. This compares to $8.3 million for the year ended December 31, 2016. 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 current 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, 2017, holdbacks totaled $0.6 million, similar to the $0.5 million balance as at December 31, 2016. Holdbacks represent 1.2% of our total accounts receivable as at December 31, 2017 (1.3% as at December 31, 2016).

CAPITAL RESOURCES AND USE OF CASH

Our capital resources consist primarily of cash flow provided by operating activities, cash and cash equivalents, borrowings under our Credit Facility and financing through our operating and capital equipment lease facilities.

Our primary uses of cash are for capital expenditures, to fulfill debt repayment and interest payment obligations, to fund operating and capital lease obligations, to finance working capital requirements and to pay dividends. When prudent, we have also used cash to repurchase our common shares.

We anticipate that we will likely have enough cash from operations to fund our annual expenses, planned capital spending program and meet current and future working capital, debt servicing and dividend payment requirements in 2018 from existing cash balances, cash provided by operating activities and borrowings under our Credit Facility.s

Property, Plant, Equipment and Intangible Asset Purchases

Our capital spending program is primarily focused on acquiring equipment to replace disposed assets and/or 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 maintain a significant equipment and vehicle fleet comprised of units with remaining useful lives covering a variety of time spans. Having an effective maintenance program is important to support our large revenue producing fleet in order to avoid equipment downtime, which can affect our revenue stream and 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 disposed of and replacement capital requirements are determined based on historical utilization and anticipated future demand.

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 disposed of and replacement capital decisions are likewise assessed based on historical utilization and anticipated future demand. We refer to this type of equipment as "single-life component" equipment.

We typically require between $20.0 million to $30.0 million, annually, for capitalized maintenance that extends the useful life of our existing equipment fleet and an additional $10.0 million to $20.0 million (net of proceeds from disposals) to replace equipment that has reached the end of its useful life. Our fleet replacement is primarily focused on our smaller, civil construction equipment and reflects the current and anticipated continued high demand and utilization of these fleets.

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. 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.s Our equipment fleet value is currently split among owned (55%), capital leased (37%) and rented equipment (8%).

For the year ended December 31, 2017, we used $51.8 million in cash for net capital expenditures on property, plant, equipment and intangible assets (expenditures, net of proceeds from: the sale of equipment; assets held for sale; excluding $20.3 million in proceeds for the financing of owned equipment through capital leases). We acquired a further $14.4 million in equipment through capital leases during the current year. Included in the net capital expenditures and equipment secured through capital leases for the year ended December 31, 2017 was $25.9 million invested in growth capital expenditures, driven by an investment in expanding the haul capacity of certain sizes of our existing heavy haul equipment fleet through the purchase of a used equipment from a competitor exiting the large earthworks market and the purchase of land to support the construction of our new maintenance facility.

For the year ended December 31, 2016, we used $24.4 million in cash for net capital expenditures (excluding $13.9 million in proceeds for the financing of owned equipment through capital leases). We acquired a further $9.6 million of equipment through capital leases during the previous year. Included in the net capital expenditures and equipment secured through capital leases for the year ended December 31, 2016, was $6.5 million invested in

growth capital expenditures, driven by an investment expanding the haul capacity of certain sized of our fleet with technological improvements and the purchase of used heavy equipment.

We continue to assess and adjust the size and mix of our fleet to reflect our current and anticipated future demand with a focus on continued increases of utilization and reduction of maintenance costs, which in turn produces the highest return on these capital assets. In 2018 we intend to limit our annual sustaining capital expenditures to approximately $35.0 million to $45.0 million, net of normal equipment disposals, primarily related to essential capital maintenance and equipment replacement requirements. We believe that our annual growth capital expenditures could range from $25.0 million to $30.0 million, to support our anticipated growth in revenue and our investment in our new maintenance facility. We believe our cash flow from operations, net proceeds from the sale of under-utilized equipment and our leasing capacity will be sufficient to meet our sustaining and growth equipment investment requirements. We also believe that we will be able to leverage the liquidity provided by our Credit Facility to finance the construction of our new maintenance facility. t

Contractual Obligations and Other Commitments

Our principal contractual obligations relate to our long-term debt; capital and operating leases; capital for property, plant and equipment; and supplier contracts. The following table summarizes our future contractual obligations, excluding interest payments as early repayment is possible resulting in lower interest payments (Convertible Debentures and Credit Facility) or interest is not defined in the contract (equipment and building operating leases and supplier contracts), unless otherwise noted, as of December 31, 2017.

			Payments due by fiscal year				
(dollars in thousands)	Total	2018	2019	2020	2021	2022
Convertible Debentures[(i)]	$ 40,000	$ —	$ —	$ —	$ —	$ 40,000
Credit Facility[(ii)]	32,000	—	—	32,000	—	—
Capital leases (including interest)	71,492	31,530	20,696	12,182	4,892	2,192
Equipment and building operating leases	12,526	3,248	2,238	2,348	2,374	2,318
Capital for property, plant and equipment	17,600	17,600	—	—	—	—
Supplier contracts	7,323	7,323	—	—	—	—
Total contractual obligations	**$ 180,941**	**$ 59,701**	**$ 22,934**	**$ 46,530**	**$ 7,266**	**$ 44,510**

[(i)] The Convertible Debentures bear interest of 5.5% and mature on March 31, 2024. Interest is payable in equal installments semi-annually in arrears on March 31 and September 30 of each year, commencing September 30, 2017.

[(ii)] The Credit Facility bears interest at Canadian prime rate, U.S. Dollar Base Rate, Canadian bankers' acceptance or London interbank offered rate (LIBOR) (all such terms are used or defined in the Credit Facility), plus applicable margins payable monthly.

Our total contractual obligations of $180.9 million as at December 31, 2017 have increased from $130.0 million as at December 31, 2016 primarily as a result of the $40.0 million borrowing on our Convertible Debentures early in the current year, the $6.0 million increase in capital lease obligations and the $17.6 million commitment for capital for property, plant and equipment (commitments for the construction of our new maintenance facility), partially offset by the $7.6 million reduction in borrowing against our credit facilities and the $7.8 million reduction in equipment and building operating lease commitments.

For a discussion on the Credit Facility see "Credit Facility", above and for a more detailed discussion of our Convertible Debentures, see "Description of Securities and Agreements - Convertible Debentures" in our most recent AIF, which section is expressly incorporated by reference into this MD&A.

Off-Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.

Credit Facility

New Credit Facility

On August 1, 2017, we entered into a new Credit Facility Agreement with a banking syndicate now being led by National Bank of Canada, replacing our Previous Credit Facility. The Credit Facility provides borrowings of up to $140.0 million with an ability to increase the maximum borrowings by an additional $25.0 million, subject to certain conditions. This facility matures on August 1, 2020, with an option to extend on an annual basis. The Credit Facility also allows for a capital lease limit of $100.0 million.

The Credit Facility is comprised solely of a revolver feature, unlike our Previous Credit Facility, which had a borrowing base limit to available borrowings and was divided into a $30.0 million term loan and a $70.0 million revolving facility.

Under the terms of the new agreement, the Senior Leverage Ratio is to be maintained at less than 3.0:1, except in the case of the following four quarters after an acquisition where the ratio will increase to 3.5:1, meanwhile the Fixed Charge Coverage Ratio is to be maintained at a ratio greater than 1.15:1.

- The Senior Leverage Ratio is re-defined as Senior Debt to our trailing 12-month Adjusted EBITDA; and
- The Fixed Charge Coverage Ratio is re-defined as trailing 12-month Adjusted EBITDA less cash taxes to Fixed Charges.

Financial Covenants are to be tested quarterly on a trailing four quarter basis. As at December 31, 2017, we were in compliance with the Credit Facility covenants.

"Adjusted EBITDA" is defined in "Explanatory Notes - Non-GAAP Financial Measures" in this MD&A.

"Senior Debt" is defined under the Credit Facility as Total Debt plus outstanding Letters of Credit under our Credit Facility, less: (i) purchase money debt incurred for construction of particular property or equipment, but only for 60 days after the property or equipment is commissioned for use; (ii) convertible unsecured subordinated debentures; and liabilities from hedge and swap arrangements. This is used in the Senior Debt to trailing 12-month Adjusted EBITDA ratio and the pricing grid to determine the pricing level for borrowing and standby fees under the facility.

"Fixed Charges", is defined under the Credit Facility as cash interest, scheduled payments on debt, unfunded cash distributions and unfinanced net capital expenditures. Our Credit Facility excludes Previous Credit Facility repayments from the determination of Fixed Charges.

- The term "unfunded" is defined as requiring borrowings from the Credit Facility or the issuance of our shares to support cash distributions such as dividends payments or the redemption of any class of our shares.
- The term "unfinanced" is defined as expenditures.

For a full discussion on our Credit Facility, including pricing, see "Significant Business Events - Credit Facility" in this MD&A.

For a full discussion on our Previous Credit Facility, see "Resources and Systems - Credit Facility in our annual MD&A for the year ended December 31, 2016.

Borrowing activity under the Credit Facility

As at December 31, 2017, there was $0.8 million in issued letters of credit under the Credit Facility and the unused borrowing availability was $107.2 million. As at December 31, 2016, under the Previous Revolver, there was $0.8 million in issued letters of credit and the borrowing base allowed for a maximum draw of $92.1 million. At December 31, 2016, the Company's unused borrowing availability under the Previous Revolver was $58.2 million, which was limited by the borrowing base to $51.7 million.

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 August 14, 2017, we commenced a Normal Course Issuer Bid ("NCIB"), which authorizes us to purchase up to 2,424,333 common shares through the facilities of the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE"). A limit of 1,460,089 of the total number of common shares can be purchased on the NYSE to comply with relevant securities laws, which represents 5% of the issued and outstanding common shares. As at December 31, 2017, a total of 1,142,762 common shares, at a weighted average price of $4.98 per share, have been purchased and subsequently cancelled in the normal course.

On August 7, 2017, we completed our previously announced Normal Course Issuer Bid ("NCIB"), cancelling a total of 1,482,795 common voting shares under that NCIB at a weighted average price of $6.26 per share.

As at December 31, 2017, we have used almost $15.0 million in cash to purchase and subsequently cancel a total of 2,625,557 common shares in the normal course during the current year. The current year NCIB programs have reduced our outstanding common share balance to 25,452,224 as at December 31, 2017. This outstanding

common share balance is net of the 2,617,926 common shares classified as treasury shares as at December 31, 2017.

On June 12, 2014, we entered into a trust agreement whereby the trustee may purchase and hold common shares, classified as treasury shares on our consolidated balance sheets, until such time that units issued under the equity classified long-term incentive plans are to be settled. Units granted under such plans typically vest at the end of a three-year term.

As at February 9, 2018, there were 27,905,950 voting common shares outstanding, which included 2,626,548 common shares held by the trust and classified as treasury shares on our consolidated balance sheets (28,070,150 common shares, including 2,617,926 common shares classified as treasury shares at December 31, 2017). We did not have non-voting common shares outstanding on any of the foregoing dates. Additionally, as at December 31, 2017, there were an aggregate of 913,540 vested and unvested options outstanding under our Amended and Restated 2004 Share Option Plan which, in the event of full vesting and exercise, would result in the issuance of 913,540 common voting shares.

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.

Convertible Debentures

On March 15, 2017, we issued $40.0 million in aggregate principal amount of 5.50% convertible unsecured subordinated debentures which mature on March 31, 2024. We pay interest an annual rate of 5.50%, payable semi annually on March 31 and September 30 of each year, commencing September 30, 2017.

The Convertible Debentures may be converted into common shares at the option of the holder at a conversion price of $10.85 per common share, which is equivalent to approximately 92.1659 common shares per $1,000 principal amount of notes.

The Convertible Debentures are not redeemable prior to March 31, 2020, except under certain conditions after a change in control has occurred. We have the option to redeem the Convertible Debentures at any time on or after March 31, 2020 at a redemption price equal to the principal amount provided that the market price of the common shares is at least 125% of the conversion price; and on or after March 31, 2022 at a redemption price equal to the principal amount, plus accrued and unpaid interest accrued to the redemption date. In each case, we are required to pay accrued and unpaid interest on the debentures redeemed to the applicable redemption date.

If a change in control occurs, we are required to offer to purchase all of the Convertible Debentures at a price equal to 101% of the principal amount plus accrued and unpaid interest to the date of purchase.

Debt Ratings

On March 14, 2017, S&P Global Ratings ("S&P") affirmed our "B" long-term corporate credit rating. At the same time, they affirmed our "intermediate" standing for their financial risk profile. S&P stated that the stable outlook reflects their view that our financial risk profile will have ample cushion at the "B".

For a discussion of our debt ratings, see the "Debt Ratings" section of our most recent AIF, which section is expressly incorporated by reference in this MD&A.

Related Parties

On July 14, 2016, we appointed a new member to the Board of Directors. The director is currently the President and Chief Executive Officer of a business that subleases space from the Company. The sublease was entered into several years before the director's appointment.

For the three months and year ended December 31, 2017 , we received $81 and $332, respectively, in this related party transaction since the director's appointment.

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 Chief Executive Officer and the Vice President, Finance to allow timely decisions regarding required disclosures.

An evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Vice President, Finance 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 Vice President, Finance concluded that as of December 31, 2017 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 the preparation of financial statements for external purposes in accordance with US GAAP. Management, including the Chief Executive Officer and Vice President, Finance 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 Instrument 52-109 under the Canadian Securities Administrators Rules and Policies. A material weakness in ICFR exists if a deficiency, or a combination of deficiencies, 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, 2017, we applied the criteria set forth in the 2013 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, 2017, our internal control over financial reporting is effective. Our independent auditor, KPMG LLP, has issued an audit report stating that we, maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (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, 2017.

Accounting Pronouncements

We recently adopted the following accounting pronouncements:

- Inventory
    - In July 2015, the Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. This accounting standard simplifies the subsequent measurement of inventory by requiring inventory to be measured at the lower of cost and net realizable value. This standard was adopted January 1, 2017 and the adoption did not have a material effect on our consolidated financial statements.

Issued accounting pronouncements not yet adopted

- Revenue from Contracts with Customers
    - In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) and has modified the standards thereafter with the issuance of ASU 2016-08, 2016-10, 2016-12 and 2016-20. This ASU will be effective commencing January 1, 2018. We are assessing the impact the adoption of this standard will have on our consolidated financial statements.
- Leases
    - In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU will be effective commencing January 1, 2019, with early adoption permitted. We are assessing the effect that the adoption of this standard will have on our consolidated financial statements.

- Statement of Cash Flows
    - In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230: Classification of Certain Cash Receipts and Cash Payments). This ASU will be effective commencing January 1, 2018, with early adoption permitted. We are assessing the impact the adoption of this standard will have 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, 2017 and notes that follow, which sections are expressly incorporated by reference into this MD&A.

Critical Accounting Estimates

The preparation of our consolidated 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 in periodic impairment testing; and
- estimates and assumptions used in the determination of the recoverability of deferred tax assets, the useful lives of property, plant, equipment and intangible assets and potentially the allowance for doubtful accounts.

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. Below is a listing of our significant accounting policies in which we define how we apply these critical accounting estimates:

- Revenue recognition
- Property, plant and equipment
- Allowance for doubtful accounts receivable
- Financial instruments
- Foreign currency translation

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, 2017 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", "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 which may prove to be incorrect:

- Our expectation that our new maintenance facility will generate cash payback on the investment within approximately 5 years.
- Our belief that our new credit facility will provide us with the ability to expand our liquidity in line with our growth.
- Our expectation that we will be able to expand our operations outside of the Canadian oil sands.
- Our expectation that we will be able to achieve our objective of a minimum 15% compound growth in revenue and EBITDA over the period of our three-year organic growth plan.
- Our belief that we will be able to achieve growth through building production related recurring services volumes in our core oil sands market, together with the addition of value creating services, and expanding our market coverage to include other resource mines and infrastructure related projects that involve major earthworks.
- Our expectation that customers will continue to use economies of scale in production to lower oil sands operating costs per barrel.
- Our belief that the two large earthworks jobs we are executing in the winter season will have volumes roughly 10% higher than last year, that the combined value of the work could exceed $90.0 million and will likely continue to benefit all of the first quarter of 2018.
- Our expectation that the new Fort Hills oil sands mine will provide a direct benefit in terms of incremental demand for our services and an indirect benefit from the overall tightening of heavy equipment supply.
- Our expectation that there will be meaningful heavy construction activity for the summer season of 2018.
- Our expectation that we will remain on the Fording River coal mine site well into the first half of 2018.
- Our expectation that revenue at the Highland Valley copper mine will increase over the work duration.
- Our belief that we will be successful on several bids for further natural resource related contracts, both in Canada and the USA, in 2018 and 2019.
- Our expectation that we will be successful at pre-qualifying to bid major infrastructure projects.
- Our belief that our initiative of leveraging our core equipment maintenance competence into work for third parties could have a discernible impact on our 2018 results and that the external maintenance business could eventually provide more than $30.0 million in annual revenue stream for us.
- Our belief that the ongoing purchase and cancellation of our voting common shares will increase shareholder value per share, while the purchase of common shares through the trust established to acquire and hold shares in respect of stock-based compensation plans will have a positive impact on shareholder dilution and cash costs going forward.
- Our expectation that we will not experience a strike or lockout.

- Our anticipation that we will likely have enough cash from operations to fund our annual expenses, planned capital spending program and meet current and future working capital, debt servicing and dividend payment requirements in 2018 from existing cash balances, cash provided by operating activities and borrowings under our Credit Facility.
- Our belief that our equipment ownership strategy will continue to allow 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.

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:

- our level of receivables, inventory and unbilled revenue, and our requirements for liquidity, are similar to our historical experience;
- that oil prices remain stable and do not drop significantly in 2018;
- that the Canadian dollar does not significantly appreciate in 2018;
- our ability to continue to generate cash flow to meet our liquidity needs;
- continuing demand for construction services, including in non-oil sands projects such as other resource industries and in the infrastructure sector;
- that our continuous efforts in the realms of: safety management; service execution; equipment reliability; and cost reduction, should stand us in good stead to benefit from any recurring mine services work from our customers;
- that our oil sands customers continue to seek to lower their operating cost per barrel;
- that oil sands mining and construction activity in Alberta does not decrease significantly further;
- that decisions by our oil sands customers to start new mining projects depend largely on the price of oil;
- that we are able to maintain our expenses at current levels;
- that work will continue to be required under our master services agreements with various customers and that such master services agreements will remain intact;
- our customers' ability to pay in timely fashion;
- our ability to successfully resolve all claims and unsigned change orders with our customers;
- the oil sands continuing to be an economically viable source of energy;
- our customers and potential customers continuing to invest in the oil sands, other resource developments and provincial infrastructure projects and to outsource activities for which we are capable of providing services;
- the continuing plans to construct the southern and east / west pipelines;
- our ability to benefit from construction services revenue and to maintain operations support services revenue tied to the operational activities of the oil sands;
- our ability to successfully pursue heavy civil construction contracts in the oil sands, along with broader and more robust major resource projects and infrastructure projects;

- 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 and that our equipment maintenance costs are similar to our historical experience;
- our ability to access sufficient funds to meet our funding requirements will not be significantly impaired;
- 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, competing in the bidding process to secure new projects and identifying and implementing improvements in our maintenance and fleet management practices;
- our relationships with the unions representing certain of our employees continues to be positive; and
- 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 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 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 may 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 the value of a financial instrument 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, 2017, 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.

All dollar amounts set forth in this MD&A, the attached financial statements and AIF for the year ended December 31, 2017 are expressed in Canadian dollars, except where otherwise indicated. References to Canadian dollars or $ are to the currency of Canada and references to U.S. dollars or US$ are to the currency of the United States.

The following tables set forth the exchange rates for one Canadian dollar, expressed in U.S. dollars, based on the Thomson Reuters nominal noon exchange rates. On February 9, 2018, the noon buying rate was $1.00 = US $0.79.

	2017					
	December	November	October	September	August	July
High for period	$ 0.80	$ 0.79	$ 0.80	$ 0.82	$ 0.80	$ 0.80
Low for period	0.78	0.78	0.78	0.80	0.78	0.77

	Year ended December 31,				
	2017	2016	2015	2014	2013
Average for period	$ 0.77	$ 0.76	$ 0.78	$ 0.90	$ 0.97

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 capital lease obligations 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, 2017, we had no outstanding debt pertaining to our Term Loan under the Credit Facility (December 31, 2016 – $28.6 million).

Business Risk Factors

- 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.
- Changes in our customers' perception of oil prices over the long-term or the economic viability of a new oil sands project or capital expansion to an existing project could cause our customers to defer, reduce or stop their investment in oil sands capital projects, which would, in turn, reduce our revenue from capital projects from those customers.
- 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.
- 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.
- Anticipated new major capital projects in the oil sands may not materialize.
- A portion of our revenue is generated by providing construction services for fixed term projects.
- Our operations are subject to weather-related and environmental factors that may cause delays in our project work.
- Lump-sum and unit-price contracts expose us to losses when our estimates of project costs are lower than actual 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 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.
- A drop in the global demand for heavy equipment could reduce our ability to sell excess equipment and negatively impact the market value of our fleet. A reduced fleet value could result in an impairment charge being recorded against net income and may also reduce our borrowing base under our Credit Facility.
- A change in strategy by our customers to reduce outsourcing could adversely affect our results.
- 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.
- 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 the Cyber Security of our Information Technology Systems" and "Risk

Factors Related to Our Common Shares" 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

Additional Information

Our corporate office is located at 26550 Acheson Road, Acheson, Alberta, T7X 5A7. 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 13, 2018, 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

KPMG LLP
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Edmonton AB T5J 0H3
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www.kpmg.ca

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 13, 2018, 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 Professional Accountants

Edmonton, Canada
February 13, 2018

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 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, 2017 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 13, 2018

/s/ Martin Ferron

Name: Martin Ferron

Title: 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, Rob Butler, the Vice President, Finance of North American Energy Partners Inc. (principal financial officer), certify that:

1. I have reviewed this annual report on Form 40-F for the fiscal year ended December 31, 2017 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 13, 2018

/s/ Rob Butler

Name: Rob Butler

Title: Vice President, Finance

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, 2017 (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 13, 2018

/s/ Martin Ferron

Name: Martin Ferron

Title: 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, 2017 (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 13, 2018

/s/ Rob Butler

Name: Rob Butler

Title: Vice President, Finance