



UNAUDITED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2009

CANELSON DRILLING INC.
BALANCE SHEETS
Unaudited – (Stated in thousands of dollars)

	June 30, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,310	\$ 22,717
Accounts receivable	112	1,190
Prepaid expenses and deposits	88	182
Inventory	-	411
	17,510	24,500
Property and equipment (Note 5)	26,176	20,900
Future income tax asset	300	-
	\$ 43,986	\$ 45,400
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 546	\$ 3,007
Commitments (Note 8)		
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	42,375	41,892
Contributed surplus (Note 7)	922	488
Retained earnings	143	13
	43,440	42,393
	\$ 43,986	\$ 45,400

See accompanying notes to these financial statements

CANELSON DRILLING INC.
STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS)
AND RETAINED EARNINGS

Unaudited – (Stated in thousands of dollars, except for per share amounts)

	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009
Drilling revenue	\$ -	\$ 2,981
Operating expenses	68	1,363
	<u>(68)</u>	<u>1,618</u>
Drilling rig sales	-	-
Cost of sales	-	-
	<u>-</u>	<u>-</u>
	<u>(68)</u>	<u>1,618</u>
Expenses:		
General and administrative	423	697
Stock based compensation	204	434
Depreciation	4	238
	<u>631</u>	<u>1,369</u>
Other income		
Interest income	14	69
	<u>14</u>	<u>69</u>
Income (loss) before income taxes	<u>(685)</u>	<u>318</u>
Income taxes:		
Current tax expense	-	-
Future income tax (reduction) expense	(121)	188
	<u>(121)</u>	<u>188</u>
Net and comprehensive income (loss)	\$ (564)	\$ 130
Retained earnings, beginning of period	707	13
Retained earnings, end of period	<u>\$ 143</u>	<u>\$ 143</u>
Net income (loss) per share (Note 11)		
Basic and diluted	<u>\$ (0.02)</u>	<u>\$ 0.01</u>

See accompanying notes to these financial statements

CANELSON DRILLING INC.
STATEMENTS OF CASH FLOWS
Unaudited – (Stated in thousands of dollars)

	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009
Cash flows relating to the following activities:		
Operating activities		
Net (loss) income for the period	\$ (564)	\$ 130
Adjustment for items not affecting cash:		
Stock based compensation	204	434
Depreciation	4	238
Future income tax	(121)	188
	(477)	990
Changes in non-cash working capital balances:		
Accounts receivable	682	1,078
Prepaid expenses and deposits	98	94
Inventory	-	411
Accounts payable and accrued liabilities	(165)	(268)
	138	2,305
Financing activities		
Issuance of share capital	-	-
Share issuance costs	-	-
	-	-
Investing activities		
Purchase of property and equipment	(279)	(5,519)
Accounts payable and accrued liabilities	(1,293)	(2,193)
	(1,572)	(7,712)
Decrease in cash and cash equivalents during the period	(1,434)	(5,407)
Cash and cash equivalents, beginning of period	18,744	22,717
Cash, end of period	\$ 17,310	\$ 17,310

See accompanying notes to these financial statements

CANELSON DRILLING INC.
NOTES TO FINANCIAL STATEMENTS
Unaudited – (Stated in thousands except for per share amounts)
As at and for the three and six month periods ended June 30, 2009

1. INCORPORATION AND NATURE OF BUSINESS

CanElson Drilling Inc. (formerly EMR Drilling Inc.) (the “Corporation”) was incorporated under the *Business Corporations Act* (Alberta) (“ABCA”) on June 30, 2008.

On October 7, 2008 the Corporation and CanElson Drilling Inc. (“CanElson”), a capital pool company, entered into an amalgamation agreement whereby the Corporation and CanElson agreed to amalgamate in accordance with the provisions of the ABCA (the “Amalgamation Agreement”). A special meeting of the Corporation was held on December 9, 2008, the shareholders voted to approve the Amalgamation Agreement and the transaction was completed.

The Corporation is engaged in the manufacture and (i) sale and (ii) operation of drilling rigs for the oil and gas industry.

2. BASIS OF PRESENTATION

These unaudited interim financial statements were prepared by management, in accordance with Canadian Generally Accepted Accounting Principles, and follow the same accounting policies and procedures as those used in the preparing the December 31, 2008 annual audited financial statements, except as referred to in Note 3, and therefore do not contain all of the disclosures required for the annual financial statements. As a result, the unaudited interim financial statements should be read in conjunction with the December 31, 2008 audited financial statements.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the balance sheet. Significant estimates made by the Corporation are related to the depreciation periods for property and equipment, the recoverability of property and equipment, stock based compensation expense and include commitments, if any, related to the purchase of capital assets. Actual amounts could materially differ from these estimates.

Due to the seasonality of the industry, the operating and financial results for the interim periods covered do not necessarily reflect overall results which may be achieved in the fiscal year.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The CICA issued a new accounting standard, Section 3064 “Goodwill and Intangible Assets”, which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset. As a result, start-up costs must be expensed as incurred. Section 1000 “Financial Statement Concepts”, was also amended to provide consistency with this new standard. On January 1, 2009 the Corporation adopted the new and amended standards which had no material effect on the current financial statements.

CANELSON DRILLING INC.
NOTES TO FINANCIAL STATEMENTS
 Unaudited – (Stated in thousands except for per share amounts)
 As at and for the three and six month periods ended June 30, 2009

4. CAPITAL MANAGEMENT

One of the Corporation's objectives when managing capital is to safeguard its ability to continue as a going concern given the cyclical nature of the oil and gas services business and provide adequate returns to shareholders. The Corporation defines capital as the Corporation's shareholders' equity which as at June 30, 2009 was \$43,440. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares or obtain debt financing. The Corporation is not currently subject to any externally imposed capital requirements.

5. PROPERTY & EQUIPMENT

	June 30, 2009		December 31, 2008	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Deposits on rigs	\$ 240	\$ -	\$ 240	\$ 3,458
Rigs and accessories	23,100	267	22,833	7,765
Rigs under construction	3,069	-	3,069	9,636
Office furniture and equipment	43	9	34	34
Total	<u>\$ 26,452</u>	<u>\$ 276</u>	<u>\$ 26,176</u>	<u>\$ 20,900</u>

6. SHARE CAPITAL

Authorized

The authorized share capital of the Corporation consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares, issuable in series, none of which are issued or outstanding as of June 30, 2009.

Issued Common Shares

	<u>Number of shares</u>	<u>Share capital</u>
Balance December 31, 2008	26,100	\$ 41,892
Share issue costs (net of future tax asset of \$488)	-	483
Balance June 30, 2009	<u>26,100</u>	<u>\$ 42,375</u>

CANELSON DRILLING INC.
NOTES TO FINANCIAL STATEMENTS
 Unaudited – (Stated in thousands except for per share amounts)
 As at and for the three and six month periods ended June 30, 2009

6. SHARE CAPITAL (continued)

Stock Options

A summary of the Corporation's outstanding stock options and warrants as at June 30, 2009 is as follows:

<u>Instrument</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	June 30, 2009		December 31, 2008	
			<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Number Outstanding</u>	<u>Number Exercisable</u>
Options	Sep 8, 2012	\$2.00	651	-	672	-
Options	Sep 8, 2010	\$2.00	40	-	40	-
Options	Sep 18, 2012	\$0.20	371	-	410	-
Options	Feb 9, 2013	\$2.50	39	-	-	-
Options	Mar 2, 2013	\$1.95	49	-	-	-
Options	Jun 4, 2013	\$1.95	78	-	-	-
			1,228		1,122	
Agent Options	Sep 24, 2010	\$0.20	100	100	100	100
Agent Warrants	Dec 9, 2010	\$2.00	900	900	900	900
			2,228	1,000	2,122	1,000

Stock Based Compensation

For the three and six month periods ended June 30, 2009, the Corporation recorded stock based compensation expense in the statement of operations, comprehensive income (loss) and retained earnings related to the stock options issued to directors and employees.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the period:

Risk-free interest rate	1.69 – 2.44 %
Expected life of options	4 years
Annualized volatility	32 %
Dividend rate	0%

For the six months ended June 30, 2009, the Corporation granted 205 options to directors and employees and 99 options granted to directors were forfeited. The estimated fair value of the options and warrants granted in the period was \$97 and will be recognized as an expense over the vesting periods of the options.

CANELSON DRILLING INC.
NOTES TO FINANCIAL STATEMENTS
Unaudited – (Stated in thousands except for per share amounts)
As at and for the three and six month periods ended June 30, 2009

7. CONTRIBUTED SURPLUS

Continuity of contributed surplus:

Balance December 31, 2008	\$488
Stock based compensation	434
Balance June 30, 2009	<u>922</u>

8. COMMITMENTS

The Corporation has committed to lease payments for premises. Vehicles and equipment related expenses are included in operating expenses. The minimum annual lease payments for the next five years are as follows:

2009	\$172
2010	\$129
2011	\$107
2012	\$107
2013	\$89

9. SIGNIFICANT CUSTOMERS

During the period ended June 30, 2009, one customer provided 100% of the Corporation's total revenue.

10. FINANCIAL RISK MANAGEMENT

The Corporation's risk exposures related to the Corporation's financial instruments are summarized as follows:

Credit Risk

Credit risk arises from the potential that a counterparty will fail to meet its obligations. The Corporation is normally exposed to credit risk through its accounts receivable balances. At June 30, 2009 the Corporation had no outstanding operating accounts receivable balances. Management assesses the credit worthiness of its customers on an ongoing basis, as well as monitoring the amount and age of balances outstanding. The Corporation's policy is to enter into agreements with customers that are well established and well-financed entities in the oil and gas industry such that the level of credit risk is mitigated and, accordingly, the Corporation views the credit risks as normal for the industry. The Corporation's cash is deposited with two Canadian chartered banks and management believes the risk of loss is remote.

The Corporation makes an assessment quarterly as to whether there is any impairment of its financial assets. At June 30, 2009 no impairment allowance was considered necessary.

CANELSON DRILLING INC.
NOTES TO FINANCIAL STATEMENTS
Unaudited – (Stated in thousands except for per share amounts)
As at and for the three and six month periods ended June 30, 2009

10. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk

The Corporation's approach to managing liquidity risk is designed to ensure that it will have sufficient liquidity to meet liabilities as they come due. The Corporation has no long term debt and has sufficient cash to settle its current liabilities and meet its anticipated 2009 working capital requirements.

Market Risk

a) Interest rate risk

The Corporation is not exposed to interest rate risk.

b) Foreign currency risk

The Corporation is not exposed to foreign currency risk since all of its current operations and transactions are denominated in Canadian dollars with the exception of the purchase of certain drilling rig parts. The Corporation has sufficient funds to pay foreign currency denominated payables in a timely fashion to mitigate foreign currency risk.

c) Price risk

The Corporation is not exposed to price risk due to the short term nature of its financial instruments.

11. EARNINGS PER SHARE

A summary of the common shares used in calculating earnings per share is as follows:

	Three months ended <u>June 30, 2009</u>	Six months ended <u>June 30, 2009</u>
Weighted average common shares	26,100	26,100
Effect of stock options and warrants	-	228
Balance June 30, 2009	<u>26,100</u>	<u>26,328</u>

For the three and six months ended June 30, 2009, the above table excludes 2,228 options and warrants and 2,000 options, respectively, that are considered anti-dilutive.

12. RELATED PARTY TRANSACTIONS

For the three and six month periods ended June 30, 2009 the Corporation incurred \$69 and \$79, respectively, of expenses included in general and administrative expenses relating to professional services provided by a law firm of which one of the Corporation's directors is a partner. At June 30, 2009, \$10 was included within accounts payable and accrued liabilities.

CANELSON DRILLING INC.
NOTES TO FINANCIAL STATEMENTS
Unaudited – (Stated in thousands except for per share amounts)
As at and for the three and six month periods ended June 30, 2009

12. RELATED PARTY TRANSACTIONS (continued)

All of the transactions occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



**UNAUDITED INTERIM MANAGEMENT DISCUSSION & ANALYSIS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2009**

CANELSON DRILLING INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
For the three and six month periods ended June 30, 2009
Stated in thousands, except for per share amounts

Management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited financial statements of CanElson Drilling Inc. ("CanElson" or the "Corporation") for the three and six months ended June 30, 2009, December 31, 2008 audited financial statements and the December 31, 2008 MD&A. Additional information regarding the Corporation is available on SEDAR at www.sedar.com. This MD&A is dated August 7, 2009.

CYCLICAL AND SEASONAL NATURE OF CANELSON'S OPERATIONS

The drilling sector is very competitive within the oil and gas industry. As a service industry, its activities are affected by its customers' exploration and development efforts which, in turn, are significantly affected by world energy prices and government policies (see "Risks and Uncertainties").

Due to the seasonality of the industry, the operating and financial results for the interim periods covered in this MD&A do not necessarily reflect overall results which may be achieved in the fiscal year. Historically within the drilling sector, the first quarter is very active, followed by a much slower second quarter. As a result of this, the variation on a quarterly basis, particularly in the second quarter, can be significant.

OVERALL PERFORMANCE

During the first quarter of 2009 the Corporation completed construction of two drilling rigs. Rig 2 was completed mid-January and went to work in the field immediately after construction was complete. Rig 3 was completed at the end of the first quarter. During the second quarter of 2009 the Corporation did not carry out any drilling activity and minimized capital expenditures by curtailing the rig construction program.

SELECTED FINANCIAL INFORMATION

The Corporation was incorporated on June 30, 2008 and was not a "Reporting Issuer" pursuant to applicable securities legislation until September 11, 2008. (Going forward, the Corporation will be a "Reporting Issuer" in each of the provinces of Alberta, Saskatchewan, Manitoba, British Columbia and Ontario). Comparative quarterly data does not exist. The following is a summary of selected quarterly financial information since the Corporation became a Reporting Issuer:

	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Total operating revenue	\$ Nil	\$ 2,981	\$ 477	\$ Nil
Net and comprehensive income (loss)	\$ (564)	\$ 694	\$ 13	\$ 86
Basic and diluted income (loss) per share	\$ (0.02)	\$ 0.03	\$ Nil	\$ 0.01
Total assets	\$ 43,986	\$ 45,805	\$ 45,400	\$ 42,826
Total liabilities	\$ 546	\$ 2,005	\$ 3,007	\$ 656
Rig Operating Days (spud to rig release)	0	114	19	0
Weighted Average Shares Outstanding	26,328	26,336	21,002	14,406

RESULTS OF OPERATIONS

As at June 30, 2009, CanElson has three drilling rigs available for operations. Rig 1 was built and ready to go to the field on schedule, was moved to the field and spudded its first well on December 12, 2008. The rig proceeded to drill three wells before breakup and performed smoothly from the initial startup onward. Rig 2 construction was finished in only 23 business days from Rig 1 moving out of the rig-up yard. Rig 2 moved to the field and spudded its first well on January 18, 2009. Rig 2 drilled one well before breakup and performed to the Company's high standards from initial startup. Rig 3 has not yet spudded a well.

For the three and six month periods ended June 30, 2009, CanElson recorded net and comprehensive loss of \$564 and income of \$130, respectively. The Corporation had no operating revenue or material operating cost of sales for the second quarter of 2009, since no rigs were operating during the period.

GENERAL AND ADMINISTRATIVE EXPENSES

The Corporation incurred \$423 of general and administrative expenses ("G&A") in the second quarter of 2009 compared to \$274 in the first quarter of 2009. G&A increased as a result of an increase in professional fees of \$114 primarily associated with the Corporation investigating and evaluating business growth opportunities.

STOCK BASED COMPENSATION EXPENSE

Stock based compensation expense of \$204 for the second quarter is consistent with stock based compensation expense of \$230 for the first quarter of 2009.

DEPRECIATION EXPENSE

The Corporation had no rigs operating for the second quarter of 2009 compared to 114 rig operating days for the first quarter of 2009. Therefore, depreciation expense on rigs and accessories was \$nil for the second quarter of 2009 compared to \$268 for the first quarter of 2009.

TAXES

For the second quarter of 2009, a future tax reduction of \$121 was recognized compared to a future tax expense of \$309 for the first quarter of 2009. The difference in the expected tax rate of 29% for the first six months of 2009 and the effective tax rate for that same period relates primarily to the differences from stock based compensation.

CAPITAL EXPENDITURES

The Corporation initiates and manages the construction of drilling rigs and is not committed to any expenditure other than in the normal course of business.

During the first and second quarter of 2009, the Corporation incurred \$5,519 and \$279 of capital expenditures, respectively. The decrease in capital expenditures from the first quarter of 2009 to the second quarter of 2009 was due to curtailment of the rig construction program.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2009, the Corporation had cash of \$17,310 (December 31, 2008: 22,717) and an overall net working capital position of \$16,964 (December 31, 2008: 21,493) comprised of cash, prepaid expenses and deposits, accounts receivable, accounts payable and accrued liabilities, which management considers to be sufficient for the Corporation to meet its ongoing obligations. As at June 30, 2009 and the Corporation has no outstanding current or long term debt (December 31, 2008: \$nil).

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern given the cyclical nature of the oil and gas services business and provide adequate returns for shareholders. The Corporation defines capital as the Corporation's shareholders' equity. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares or obtain debt financing. The Corporation is not currently subject to any externally imposed capital requirements.

As at June 30, 2009 and August 7, 2009, the Corporation had 26,100 common shares, 2,228 options and 900 warrants outstanding.

STOCK OPTIONS AND WARRANTS

A summary of the Corporation's outstanding stock options and warrants as at June 30, 2009 is as follows:

<u>Instrument</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	June 30, 2009		December 31, 2008	
			<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Number Outstanding</u>	<u>Number Exercisable</u>
Options	Sep 8, 2012	\$2.00	651	-	672	-
Options	Sep 8, 2010	\$2.00	40	-	40	-
Options	Sep 18, 2012	\$0.20	371	-	410	-
Options	Feb 9, 2013	\$2.50	39	-	-	-
Options	Mar 2, 2013	\$1.95	49	-	-	-
Options	Jun 4, 2013	\$1.95	78	-	-	-
			1,228		1,122	
Agent Options	Sep 24, 2010	\$0.20	100	100	100	100
Agent Warrants	Dec 9, 2010	\$2.00	900	900	900	900
			2,228	1,000	2,122	1,000

FINANCIAL INSTRUMENTS

Financial instruments comprise cash and cash equivalents, accounts receivable and accounts payable. The fair values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to their short-term maturities.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Application of critical accounting estimates

The significant accounting policies used by the Corporation are disclosed in the audited financial statements for the period ended December 31, 2008. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstance may result in actual results or changes to estimated amounts that differ materially from current estimates.

Accounting standards adopted

The CICA issued a new accounting standard, Section 3064 "Goodwill and Intangible Assets", which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset. As a result, start-up costs must be expensed as incurred. Section 1000 "Financial Statement Concepts", was also amended to provide consistency with this new standard. On January 1, 2009 the Corporation adopted the new and amended standards which had no material effect to the financial statements.

Recent pronouncements

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian Generally Accepted Accounting Principles ("GAAP") with

International Financial Reporting Standards (“IFRS”) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date refers to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of fiscal 2011 will require restatement for comparative purposes of amounts reported by the Corporation for the 2010 fiscal year. The effects of IFRS on the Corporation’s current financial statements has not yet been determined. The Corporation will monitor any changes in both its activities and in IFRS that may effect its adoption of these standards in 2011 and is currently designing a plan to ensure that the transition is completed in an efficient manner.

RISKS AND UNCERTAINTIES

Risk factors and uncertainties which the Corporation faces in its business remain unchanged from those disclosed in the annual December 31, 2008 MD&A.

OUTLOOK

2009 continues to be a challenging year, with the Canadian Association of Oilwell Drilling Contractors (“CAODC”) and Petroleum Services Association of Canada (“PSAC”) making unprecedented downward revisions to their Western Canadian Sedimentary Basin (“WCSB”) well counts based on the first half drilling demand weakness. The new and changing Alberta royalty regime, volatile stock markets, low natural gas commodity prices and uncertainty in crude oil prices, the continued worldwide recession and banking crisis remain key factors influencing the oil and gas industry.

With rig utilization rates continuing very low by historical measures, day rates continue to be depressed as exploration and production companies look at ways to reduce their well costs considering continued commodity price volatility. The North American natural gas market is presently well supplied with storage levels well ahead of the 5-year average. The lack of current investment in new natural gas wells may consequently require more drilling in the future to reverse the production declines, although the addition of more import Liquefied Natural Gas (“LNG”) re-gasification capability in North America and the reduction in global LNG demand could cap or delay North American natural gas price recovery. Oil prices appear to have made some recovery ahead of natural gas, with consensus that continued decline in investment for new projects will eventually result in future crude oil price increases. With all these factors considered, the Corporation remains confident the industry will recover.

With a strong balance sheet, a Board of Directors and management team with a wealth of knowledge and experience, along with a commitment to field presence, highly qualified experienced drilling crews, a brand new fleet of drilling rigs and a firm resolve for Aboriginal relationships and Aboriginal workers, CanElson believes that it is well situated to weather the current environment.

CanElson continues to pursue opportunities for oil and gas drilling projects in Mexico and the United States, as well as the WCSB. CanElson is confident that its many strengths will provide a considerable competitive advantage and allow the Corporation to succeed in new and emerging markets, as well as the existing markets. With all the opportunities ahead, CanElson continues to be optimistic for the future.

FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information in the “Risks and Uncertainties” and “Outlook” sections that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Corporation’s control. Such assumptions, risks and uncertainties include, without limitation, those associated with, loss of markets, volatility of commodity prices, currency fluctuations, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the effect of general economic conditions in Canada and the

United States, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. The forward-looking information is made as at the date of this MD&A and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.