TESLA EXPLORATION LTD.

TESLA EXPLORATION LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the three and twelve months ended December 31, 2015 and 2014

The Management's Discussion and Analysis ("MD&A") for Tesla Exploration Ltd. ("Tesla" or the "Company") has been prepared by management as of March 15, 2016 and is a review of the financial condition and results of operations of the Company based on International Financial Reporting Standards ("IFRS") in Canada. Its focus is primarily a comparison of the financial performance for the three and twelve months ended December 31, 2015 and 2014 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended December 31, 2015 and 2014. Readers should also refer to the "Forward-Looking Statements" legal advisory at the end of this MD&A. All financial amounts and measures presented in this MD&A are expressed in Canadian dollars ("CAD") unless otherwise stated.

SELECTED FINANCIAL HIGHIGHTS

(000s, except per share data) (unaudited)	Three months ended December 31, 2015 $	2014 $	Change %	Year ended December 31, 2015 $	2014 $	Change %	Year ended December 31, 2013 $
Revenue	**15,004**	27,069	(45)	**89,623**	132,132	(32)	174,484
Revenue excluding reimbursables[1]	**13,479**	24,766	(46)	**77,123**	114,592	(33)	135,376
Gross margin[1]	**1,431**	9,682	(85)	**16,919**	33,699	(50)	47,995
As a % of revenue excluding reimbursables[1]	**11%**	39%		**22%**	29%		35%
Net earnings (loss)	**(15,256)**	(2,437)	(526)	**(51,622)**	(11,487)	(349)	993
Per share - basic	**(0.70)**	(0.11)	(536)	**(2.36)**	(0.52)	(354)	0.04
Adjusted EBITDA [1]	**(3,750)**	5,147	n/m	**(2,414)**	11,718	n/m	27,135
Per share - basic	**(0.17)**	0.24	n/m	**(0.11)**	0.53	n/m	1.21
Cash flow from (used in) operations	**(4,374)**	5,762	n/m	**(2,712)**	11,960	n/m	26,656
Per share - basic	**(0.20)**	0.26	n/m	**(0.12)**	0.54	n/m	1.19
Weighted average shares outstanding for the period - basic	**21,891**	21,895	(0)	**21,891**	22,095	(1)	22,445
Capital expenditures	**103**	5,192	(98)	**1,499**	27,985	(95)	21,729

As at	December 31, 2015 $	December 31, 2014 $	Change %	December 31, 2013 $
Working capital (deficit)[3]	**(37,189)**	(3,406)	992	11,937
Total assets	**81,170**	117,119	(31)	141,616
Total borrowings [2]	**46,182**	45,234	2	40,719
Equity	**11,196**	56,383	(80)	65,239
Shares outstanding end of period	**22,207**	22,207	-	22,771

1. See "Non-GAAP Financial Measures."
2. Operating line, term credit facility and finance lease obligations, including current portions.
3. Includes $28,000,000 term credit facility presented as current. See "Liquidity and Capital Resources."

NON-GAAP FINANCIAL MEASURES

Certain measures in this MD&A do not have standardized definitions under IFRS in Canada ("non-GAAP measures"). These non-GAAP financial measures defined below may not be comparable to similar measures presented by other entities. The Company is consistent in its calculation of the financial measures year-over-year.

"**Revenue excluding reimbursables**" refers to revenue generated on the services performed directly by Tesla. A portion of the Company's revenue from the North American Land and International segments includes the provision of subcontracted services from which the Company generates a nominal profit ("reimbursables"). Prior to seismic data acquisition in North America, many customers look to Tesla to procure and manage third-party services related to the use of shot-hole drilling, ground surveying and line-clearing services. Internationally, Tesla may be responsible for managing third-party services for client personnel such as transportation, meals and accommodations in the remote areas in which Tesla works. The Company is generally reimbursed for these expenses by its clients, plus a small administration fee. In accordance with IFRS in Canada, these subcontracted revenue and costs are included at their gross amounts in revenue and expenses. Subcontracted services as a percentage of total revenue will vary from job to job. As a result, they may distort the movement of the actual gross margins for the seismic acquisition recording services performed directly by Tesla.

"**Gross margin**" is provided to assist investors in determining Tesla's ability to generate earnings from its field operations and associated overhead and is calculated from the Consolidated Statement of Operations as described below.

"**Gross margin as a percentage of revenue excluding reimbursables**" is provided to assist readers to more clearly understand the changes in gross margins for the services directly provided by Tesla. The following table details gross margin as a percentage of revenue excluding reimbursables (note: the nominal administration fee earned on the "flow-through" of subcontracted services has been included in revenue excluding reimbursables):

	Three months ended December 31,		**Year ended December 31,**	
($000's)	**2015**	2014	**2015**	2014
Revenue excluding reimbursables (A)	**13,479**	24,766	**77,123**	114,592
Reimbursable revenue	**1,525**	2,303	**12,500**	17,540
Total revenue (B)	**15,004**	27,069	**89,623**	132,132
Direct costs	**12,074**	15,121	**60,284**	81,109
Reimbursable costs	**1,498**	2,266	**12,419**	17,324
	13,572	17,387	**72,703**	98,433
Gross margin (C)	**1,432**	9,682	**16,920**	33,699
Depreciation and amortization	**5,201**	5,057	**21,400**	22,907
Gross profit	**(3,769)**	4,625	**(4,480)**	10,792
Gross margin as a % of revenue excluding reimbursables (C/A)	**11%**	39%	**22%**	29%
Gross margin as a % of total revenue (C/B)	**10%**	36%	**19%**	26%

"**EBITDA**" and **"Adjusted EBITDA"** are measures of the Company's operating profitability. EBITDA and Adjusted EBITDA provide an indication of the results generated by the Company's principal business activities prior to how these activities are financed, assets are amortized or how the results are taxed in various jurisdictions. EBITDA and Adjusted EBITDA are presented because they are frequently used by securities analysts and others for evaluating companies and their ability to service debt. EBITDA and Adjusted EBITDA are calculated from the Consolidated Statement of Operations as follows:

	Three months ended December 31,		Year ended December 31,	
($000's)	**2015**	2014	**2015**	2014
Net income (loss)	**(15,256)**	(2,437)	**(51,622)**	(11,487)
Add back:				
Finance costs, net	**852**	356	**2,591**	1,796
Income tax expense (recovery)	**1,032**	(972)	**10,263**	(4,924)
Depreciation and amortization	**5,201**	5,057	**21,400**	22,907
EBITDA	**(8,171)**	2,004	**(17,368)**	8,292
Loss (gain) on foreign exchange	**(69)**	202	**(833)**	274
Share-based payments	**(139)**	(385)	**(246)**	(333)
Provision for bad debts, net	**619**	1,324	**3,690**	1,407
Impairment of goodwill	**-**	2,142	**8,405**	2,142
Impairment of fixed assets	**4,000**	-	**4,166**	-
Loss (gain) on disposal of property and equipment	**10**	(140)	**(228)**	(64)
Adjusted EBITDA	**(3,750)**	**5,147**	**(2,414)**	**11,718**

For the purposes of its credit facility covenants the Company may be permitted at the discretion of its lender to add back certain other extraordinary and/or non-cash items such as employee severance costs and credit facility renewal costs. For the three months ended December 31, 2015 the Company's Lender Adjusted EBITDA was ($2.5) million which was in compliance with its covenant.

OVERVIEW

Tesla provides seismic land data acquisition in a multitude of environments in Canada through Tesla Exploration Partnership ("Tesla Canada"), in the U.S.A. through Tesla Exploration Inc. ("Tesla USA"), in South America through Tesla Exploration Trinidad Ltd. ("Tesla Trinidad") Tesla Exploration Colombia S.A.S. ("Tesla Colombia") and Tesla Do Brasil Geotecnia Ltda. ("Tesla Brazil"), which was incorporated in 2014 to explore offshore opportunities off the coast of Brazil. Tesla serves other markets in Europe and Africa mainly through Tesla Exploration International Limited ("Tesla International") and Tesla Exploration Tunisia SARL ("Tesla Tunisia"). Tesla also has an international data processing office in the UK. Tesla Offshore LLC ("Tesla Offshore") operates geophysical hazard surveys and provides positioning services for construction and diving operations in the Gulf of Mexico and internationally using its own vessel and other chartered vessels.

FOURTH QUARTER OVERVIEW

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due.

As at December 31, 2015 the Company had a working capital deficit of $37.2 million, including total bank indebtedness of $32.7 million (cash-$2.4 million, operating lines of credit-$7.0 million and term facility-$28.0 million). The Company was in compliance with the covenant for its operating line of credit and term facility which was signed on November 15, 2015. As the Company's facility expires on June 30, 2016 and is repayable on demand, the Company has presented all amounts drawn under this facility as current, except the long term portions of finance leases which have fixed repayments terms.

During the year ended December 31, 2015, the Company incurred a net loss of $51.6 million compared to $11.5 million for the year ended December 31, 2014. In addition, the Company recorded negative gross profit (($4.5) million) and negative cash flow from operations (($2.7) million) for the year ended December 31, 2015 (2014 – positive $10.8 million and $12.0 million respectively). These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the going concern assumption.

The Company has incurred significant levels of debt financing to maintain working capital and equipment requirements for its operations. As at December 31, 2015 the Company is required to make payments of $73.2 million over the next five years including $67.2 million in the next twelve months on its accounts payable, operating lines, income taxes payable, office and equipment leases, and term facility if it is called by the Company's lender. At December 31, 2015 the Company had cash and accounts receivable of $25.1 million (including $3.8 million of receivables related to legal disputes (total claims of $16.8 million less management's provision for collectability of $13.0 million) combined with $6.2 million available under its credit facility with which to repay these obligations. As at December 31, 2015, the Company also had $2.5 million in the form of the Matco Guarantee to meet its obligations to its lender in certain circumstances. Subsequent to December 31, 2015 a portion of this guarantee was drawn to repay $0.8 million of finance lease and interest obligations. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows from operations, and obtain additional financing if necessary, to settle its obligations as they become due. Management intends to continue to assess its cost structure, eliminating any discretionary spending while optimizing field operations. Management will also continue to work with its lender to maintain the best possible financing structure for the Company over the short and long term. There can be no assurance that the steps management will take will be successful. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. If management is not successful, there can be no certainty that the value that would be realized for its assets would be sufficient to settle all of its liabilities.

Operations Overview

The Company had negative Adjusted EBITDA of ($3.8) million (($0.17) per share) in the fourth quarter of 2015 compared to $5.1 million ($0.24 per share) in the fourth quarter of 2014. The decrease was due to limited operations in the quarter which led to lower revenues and margins. Margins were also hampered by predominantly mobilization revenues which achieved a lower margin percentage. This was slightly offset by lower general and administrative costs which resulted from restructuring of personnel in all divisions across the Company and other concerted cost cutting efforts.

The Company had consolidated net loss of $(15.3) million (($0.70) per share) in the fourth quarter of 2015, compared to a consolidated net loss of $(2.4) million (($0.11) per share) in the fourth quarter of 2014. Excluding impairment of fixed assets, the net loss for the fourth quarter was $(11.3) million (($0.52) per share).

The Company's consolidated revenues including reimbursables decreased 45% to $15.0 million in the fourth quarter of 2015 compared to $27.1 million in 2014 due to lower activity levels across all divisions particularly Tesla Canada which benefited from previously secured projects during falling commodity prices at the end of 2014, and Tesla International which benefited from a contract termination settlement. Many clients continued to cut exploration budgets due to low commodity prices throughout 2015 and the poor outlook for commodity prices in 2016. Revenue excluding reimbursables also decreased 46% to $13.5 million from $24.8 million, also due to the decrease in operations across all divisions. Gross margin as a percentage of total revenue (including reimbursables) decreased to 10% from 36% due to a greater proportion of lower margin mobilization revenue being earned in the quarter. In addition, overall revenues were lower while the Company was unable to reduce its fixed direct overheads concurrently. Gross margin as a percentage of revenue excluding reimbursables also decreased to 11% from 39% also due to significantly lower revenues.

Tesla Canada's revenues continued their downward trend suffering from the cancellation or postponement of several programs resulting in a lower level of front end and acquisition activity compared to 2014. Tesla Canada operated one crew intermittently throughout the quarter peaking at two crews in December. These two crews continued into the first quarter of 2016 expanding to four crews in January and February. Revenues were also pressured lower as the Company was forced to price its services aggressively in order to maintain market share. Tesla Canada's gross margin decreased with the drop in operating revenues as well as lower prices. The Company did manage to maintain operations for its core legacy clients who continue to pursue exploration and development activities on a limited basis in the Western Canadian Sedimentary Basin ("WCSB").

Tesla USA continued to experience a very soft seismic acquisition market as it completed the tail end of a large three-dimensional ("3D") survey in Pennsylvania. There were no other major projects completed in the quarter resulting in a decrease in revenues and margin compared with the fourth quarter of 2014 which also experienced limited activity. A small crew was active in November and December on a microseismic monitoring project which carried into the first quarter of 2016. In December some of Tesla USA's Hawk equipment was redeployed to Canada for the winter season. The Company has been able to focus its operations on the utilization of this equipment reducing the Company's requirement for rental equipment which, in turn has resulted in better margins than otherwise would have been achieved.

Tesla International's revenues decreased significantly in comparison to the fourth quarter of 2014. The decrease was due to the fact that the Company's African crew spent most of the quarter mobilizing into the Democratic Republic of Congo ("DRC") generating limited revenues. The UK crew completed a small program in Ireland and stood down for the end of the quarter. This was in comparison to the completion of one large program in Ethiopia, and the continuation of two additional mobilizations in Ethiopia and Kenya in 2014. In addition, the UK crew completed two large programs. A third mobilization in the DRC was started during the fourth quarter of 2014 for a program that was postponed by the client. This resulted in a significant boost to revenue in the comparable period. Margins for the current quarter were greatly reduced due to the lack of costs associated with the contract termination settlement in the fourth quarter of 2014 as well as costs incurred for the African mobilization in 2015 for which most of the revenue was billed after year end when certain milestones where achieved. Margins were also reduced due to limited activity for the UK crew and the costs incurred to demobilize and stand down the crew at the end of the year.

Tesla Offshore's revenues were lower in the fourth quarter of 2015 compared with the same period in 2014 with a very soft market for both geophysical and construction projects. Poor weather conditions and outlook for commodity prices drove Tesla Offshore's clients to further reduce their budgets. Several projects were completed using both the Company's owned vessel and a contracted vessel. The Company's owned vessel completed several geophysical projects using the Company's Autonomous Underwater Vehicle ("AUV"). Margins were hampered by low revenues and high fixed costs compared to the fourth quarter of 2014.

2015 OVERVIEW

Gross margin decreased 50% from $33.7 million in 2014 to $16.9 million in 2015 as revenues including reimbursables decreased 32% from $132.1 million to $89.6 million in 2015. The Company's revenues excluding reimbursables decreased 33% from $114.6 million in 2014 to $77.1 million in 2015. Tesla International's revenue was relatively flat while Tesla Canada, Tesla USA and Tesla Offshore all experienced declines in revenue. Gross margins decreased for all divisions as revenue decreased and margin percentages were adversely affected by the reduced activity as well as increased competition for limited available work. Gross margin as a percentage of total revenue (including reimbursables) decreased from 26% in 2014 to 19% in 2015. Gross margin as a percentage of revenue (excluding reimbursables) decreased from 29% to 22%. Tesla USA and Tesla Canada experienced significant pricing pressure due to an oversupply of seismic services and equipment in the market. Tesla International experienced several protracted mobilizations and project delays which led to reduced profitability on its large African projects. In addition, the UK crew experienced several prolonged periods of downtime. Tesla Offshore rectified the technical challenges experienced in 2014, which was the first year of operation for the Company's AUV, however the market for AUV services was significantly reduced as many deep-water and other offshore geophysical projects have been postponed until commodity prices improve.

Tesla Canada experienced reduced activity levels in 2015 compared to 2014 as many clients eliminated or reduced capital budgets for exploration activities. The focus for most clients remained on core production with limited capital programs throughout the year. Several anticipated programs were deferred or cancelled in both the first and fourth quarters. The prices for seismic services softened compared to 2014 as well due to increased competition from an oversupply of seismic equipment.

Tesla USA experienced a reduction in revenue with limited activity throughout 2015. After its return from service in Canada during the winter, the 10,000 Field Station Unit ("FSU") Hawk system was most active in the third quarter, completing the 3D acquisition for a private exploration company. The rest of the year was spent intermittently working on microseismic monitoring programs. This was in contrast to the work that was completed under a term agreement for the first half of 2014 for a multi-client geophysical company. This agreement was not renewed in June 2014 due to lack of work commitments. Subsequently several smaller two dimensional ("2D") and microseismic monitoring programs were completed in the second half of 2014. Throughout 2015 Tesla USA actively reduced its overhead and discretionary costs in an effort to minimize operational and net losses.

Tesla International's revenues were relatively flat in 2015 compared to 2014 however gross margin decreased in 2015. The margin percentage decreased due to lower margin mobilization activities making up most of the revenue in the first and fourth quarters. The UK crew was also forced to stand down for an extended stretch due to delays in permit and land title awards by the British government. 2014 included the settlement of the DRC contract suspension, and revenues from Africa for acquisition and reimbursables with several large programs as well as steady performance by one crew in the UK and Europe. Following a significant mobilization within Kenya during the fourth quarter of 2014, security concerns within the region caused the crew to be evacuated. This has resulted in a dispute with the client over amounts invoiced at December 31, 2014. Revenues in 2014 were also improved by the receipt of funds and reversal of a provision for a large mobilization that had taken place into Somaliland which came under dispute during 2013 but was settled in the second quarter of 2014. Due to the continued decrease in commodity prices and uncertain outlook for Tesla International, the division was restructured during the second half of 2015. In response to this the Company wrote off the $8.4 million balance of goodwill at September 30, 2015.

Tesla Offshore also saw a decrease in activity and revenue during the year. Geophysical revenues were much lower than expected due to the continued low commodity prices. The AUV was able to complete a number of projects throughout the year; however, it did not reach the expected utilization due to lack of available work. One charter geophysical vessel operated during the year while Tesla Offshore's dedicated geophysical vessel supported the AUV operations. Tesla Offshore has continued to experience a soft market for construction activity with reduced trawling, positioning and recurring special project work. For several years Tesla Offshore worked through a steady backlog of rig and other infrastructure positioning, monitoring and reclamation projects; however, these projects have become scarcer as exploration and development in the Gulf of Mexico has matured and growth slowed.

The Company had negative Adjusted EBITDA of ($2.4) million (($0.11) per share) in 2015 compared to $11.7 million ($0.53 per share) in 2014. The decrease was due to the decreased margins experienced from operations in 2015.

The Company had a consolidated loss of $(51.6) million (($2.36) per share) in 2015 compared to net loss of ($11.5) million (($0.52) per share) in 2014. Excluding the impairment charges the consolidated loss in 2015 was $(39.1) million (($1.79) per share). The decrease is due to lower

Adjusted EBITDA, higher finance costs resulting from higher outstanding operating line and term debt balances plus a higher interest rate, as well as increased provision for taxes and bad debts.

OVERVIEW – 2014 COMPARED TO 2013

Gross margin decreased 30% to $33.7 million in 2014 compared to $48.0 million as revenues including reimbursables decreased 24% to $132.1 million from $174.5 million in 2013. The Company's revenues excluding reimbursables decreased 15% to $114.6 million in 2014 from $135.4 million in 2013. Improvement in activity levels for Tesla International were more than offset by declines in activity levels for Tesla Canada, Tesla USA and Tesla Offshore. Gross margins for Tesla International improved; however, this was also more than offset by the decline in Tesla Canada, Tesla USA and Tesla Offshore. Gross margin as a percentage of total revenue (including reimbursables) decreased to 26% in 2014 from 28% in 2013. Gross margin as a percentage of revenue (excluding reimbursables) decreased to 29% from 35%. Tesla USA and to a lesser extent Tesla Canada experienced significant pricing pressure due to an oversupply of seismic services and equipment in the market. Tesla Offshore experienced many technical challenges in the first year of operation for the Company's AUV which reduced the profitability of the division. These reductions were somewhat offset by an increase in profitability for Tesla International which had more acquisition work during the year and achieved strong margins on several turnkey programs in particular.

The Company had Adjusted EBITDA of $11.7 million ($0.53 per share) in 2014 compared to $27.1 million ($1.21 per share) in 2013. The decrease was due to the decreased margins reported on operations in 2014.

The Company had a consolidated loss of $(11.5) million (($0.52) per share) in 2014 compared to net income of $1.0 million ($0.05 per share) in 2013. Excluding the goodwill impairment loss, the consolidated loss was $(9.4) million (($0.42) per share). The decrease in income was due to lower Adjusted EBITDA as well as increased depreciation expense related to the Hawk systems purchased in June 2013 and January 2014 and the AUV purchased in February 2014 combined with an increased provision for bad debts. This was partially offset by an income tax recovery as opposed to expense and a recovery of stock-based compensation.

RESULTS OF 2015 OPERATIONS

REVENUE

North America Land Operations

Total revenues for 2015 declined $31.3 million to $37.0 million from $68.3 million with significant decreases for both Tesla Canada and Tesla USA.

Tesla Canada had significantly lower activity in 2015 compared to 2014. This coupled with, increased competition pushed revenue lower by 51% excluding reimbursables. The increased competition continues to be driven by the oversupply of geophysical equipment caused by weakness in North American commodity prices and scaled back oil and gas exploration and development activity. The industry was negatively impacted, particularly in the first quarter, by several large oil and gas companies cancelling or delaying significant portions of their planned work due to budget reductions and challenges with consultation approvals for projects. Tesla

Canada benefited from its long-term customer relationships and crew performance to secure a significant portion of the available work. Tesla Canada operated an average of three crews during the seasonally strong first quarter peaking at four crews in early March (2014 – eight). A short winter resulted in less work being completed in March before the traditionally slower spring summer months where only one crew worked periodically during June through September. In the fourth quarter, less reimbursable revenue was generated from the front end preparation for fewer winter programs as the market continued to soften with the fall in commodity prices. Tesla Canada reached a peak of two crews late in December 2015 averaging only one for the quarter, down from 2014 where the two crews worked throughout parts of November and up to four crews operating for part of December.

Tesla USA's revenues decreased year-over-year with a small 3D program completed in the first quarter and a larger 3D completed in the second and third quarters. Beyond that, activity was limited to several small microseismic projects that kept some of the Company's key field personnel employed. 2014 benefited from significant activity under the Company's multi-client geophysical agreement, which ended in June but provided significantly better operational activity for 2014.

North American land operation revenues include reimbursable services relating to such costs as helicopters, drilling, survey and line cutting which are managed by Tesla but passed through to clients with the addition of a small administration fee. These reimbursable services decreased to $10.8 million in 2015 from $13.0 million in 2014 due to less front-end work undertaken by Tesla Canada with fewer commitments for its upcoming winter program and much lower activity throughout the year for Tesla USA.

International Operations
Tesla International generated revenue of $42.8 million, a 5% decrease from $45.1 million in 2014. The decrease was a result of increased acquisition revenue offset by lower reimbursable revenue. Large projects were completed in Ethiopia and the UK followed by a mobilization into the DRC and several smaller UK programs. Additional revenue was deferred into the first quarter of 2016 for the DRC project as Tesla had not yet reached certain milestones. Recording activities for this project are currently underway. The UK crew had prolonged periods of standby early and late in the year which reduced its overall performance. 2014 revenues were boosted by the settlement of a contract dispute in Somaliland in the second quarter and a contract suspension settlement in DRC in the fourth quarter. Excluding these settlements, revenue was $37.6 million. 2014 Revenue was generated in Africa for acquisition programs in Kenya, DRC, and Ethiopia as well as mobilizations in Kenya and Ethiopia late in the year. Early in 2015 the mobilization in Kenya was suspended due to security concerns, which has resulted in the contract falling into dispute and litigation.

The UK/Europe crew also performed well during 2014 with five major projects along with several smaller programs keeping the crew active for most of the year from February to December.

US dollar ("USD") revenues from Africa as well as Pound Sterling ("GBP") revenues from the UK benefited from an increase in the USD-CAD and GBP-CAD exchange rates in 2015 compared to 2014.

Offshore Operations

Tesla Offshore revenues declined to $9.9 million from $18.7 million in 2014 with lower revenues from the geophysical and construction divisions. The geophysical division was hampered by the low commodity price environment throughout the year which resulted in fewer operating days for both the Company's owned vessel and charter vessels. As many as two vessels worked throughout 2015 compared to 2014 when as many as five vessels worked extensively throughout the summer months. This was somewhat offset by higher revenue per day from a greater utilization of the Company's AUV, which completed 40 days of activity with minimal technical difficulties after it was returned from its testing and optimization with the manufacturer in August. The Company's dedicated geophysical vessel supported the AUV throughout August to December and was able to complete a combination of day rate and lump sum geophysical programs using a variety of traditional towed arrays from April to August. Additional work was completed by charter vessels, which were contracted during the summer and released when volumes of work dictated.

The construction division produced significantly fewer working days for 2015 compared to 2014 and experienced a reduction in revenue per day due to a heavier weighting of lower rate non-trawling work. In general, this division has seen a significant drop in activity over the past three years, due to Tesla Offshore and its competitors working through the large work load created by heavy drilling activity prior to the 2010 moratorium placed on activity in the Gulf of Mexico activity as well as a high number of hurricanes prior to 2013.

US dollar revenues for Tesla USA and Tesla Offshore benefited from an increase in the USD-CAD exchange rate in 2015 compared to 2014.

GROSS MARGIN

North America Land Operations

Operations in North America generated gross margin of $5.6 million in 2015 (15% of total revenue and 21% of revenue excluding reimbursables) vs $16.1 million in 2014 (24% and 29% respectively).

Gross margin decreased in Tesla Canada due to the decrease in revenue as well as a decrease in margin percentage resulting from pricing pressure throughout North America and a higher proportion of fixed costs. Margin percentage suffered despite good contribution from the Company's owned Hawk wireless system due to shorter programs which resulted in more mobilization activity and increased downtime between projects. Margin percentage was also adversely affected by the greater proportion of low margin reimbursable revenues. The decrease in margin percentage was partially offset by a continued focus on analyzing and reducing field overhead costs through more efficient use of support vehicles and more experienced staff as well as more centralized purchasing of consumables.

Tesla USA experienced a significant decrease in margins and margin percentage in 2015 due to the loss of a long-term day rate agreement in June 2014. Low margins were exacerbated with a long mobilization to the division's only large 3D program in Pennsylvania and lower margin microseismic projects making up a larger percentage of the total revenue.

International Operations
Gross margin for International was $8.9 million in 2015 (representing 21% of total revenues and 22% of revenues excluding reimbursable services) compared to gross margin of $13.3 million in 2014 (29% and 33% respectively). The gross margin in 2014 was $5.8 million (15% of revenue), excluding two specific contract settlements relating to projects in Somaliland and DRC against which there were few expenses recorded. Excluding these settlements, margin increased in 2015 from 2014 as a result of the increased acquisition revenue and the success of the recording activities for the large Ethiopia and UK programs during the year.

Tesla International achieved strong margins mainly through contribution of two 3D nodal projects. Expected returns were achieved on acquisition projects in the UK and Ethiopia. Delays on the mobilizations into Ethiopia at the beginning of the year and the DRC at the end of the year partially offset these margins. 2014 experienced good margins on several nodal projects and two wireless projects completed with the Company's Hawk system in the UK and Europe as well as increased activity in Africa. Expected returns were achieved on acquisition projects in DRC. Overruns on the fixed fee mobilization into Kenya and the break even nature of operations on a program in Kenya in the first half of 2014 reduced overall margins.

Offshore Operations
Gross margin in 2015 for Tesla Offshore was $2.5 million representing 25% of the year's revenues compared to $4.3 million (23%) of revenues in 2014.

Tesla Offshore's gross margin declined due to the decrease in activity levels for the geophysical and construction divisions as noted above. Gross margin percentage was slightly improved due to the effective use of the Company's AUV which returned to productive service after undergoing extensive testing and optimization with the manufacturer from April to August. This was in contrast to 2014 when technical difficulties with the AUV negatively impacted geophysical margins and margin percentage. Construction margins declined due to lower revenues, fixed overheads and pricing pressure on limited available work and a higher proportion of lower margin trawling activities when compared to 2014.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization decreased slightly to $21.4 million in 2015 from $22.9 million in 2014. Depreciation of property and equipment decreased mainly due to limited capital spending by the Company in 2015, disposal of equipment in Canada in the middle of 2015 as well as selected assets reaching the end of their depreciation cycle. Amortization of intangibles is not material.

GENERAL AND ADMINISTRATIVE

General and administrative expenses decreased slightly to $22.8 million in 2015 from $23.1 million in 2014. The decrease was partially offset by a recovery of $0.2 million of share-based compensation (2014 – $0.3 million recovery) due to the decrease in the Company's share price over the year and the departure of several employees holding a significant number of options.

Excluding share-based compensation, general and administrative costs declined by $0.4 million mainly due to a reduction in employee compensation across the Company. This was partially offset by severance costs which were paid out to employees who were laid off. The Company continued its concerted effort across all divisions to reduce overhead spending including office and entertainment costs. A more focused sales and marketing strategy lowered these costs during 2015. These savings were partially offset by increased insurance costs due to the broad exposure of the Company in various markets being priced at higher risk levels. For 2016 the Company has achieved significant savings on its insurance costs by consolidating its plan with a single broker globally. The decrease in G&A was also offset by higher bad debt expense of $3.7 million (2014 – $1.4 million).

OTHER GAINS AND LOSSES

Other gains and losses include items that arise from financial and other matters such as foreign exchange and realized gains or losses on the disposal of assets.

The Company recorded foreign exchange gains of $0.8 million in 2015 compared to losses of $0.3 million in 2014. These gains or losses are a result of fluctuations in the US dollar exchange rate on US dollar denominated net assets or liabilities held by Tesla Canada and Tesla International during the year.

Gains on disposals of property and equipment totaled $0.2 million during 2015 compared to $0.1 million in 2014 and mainly relate to excess support vehicles sold at auction in Canada during the year.

FINANCE COSTS

Finance costs include interest on term debt, finance leases and operating lines as well as standby charges on the guarantee provided by a significant shareholder of the Company (the Matco Guarantee, see Note 11 to the financial statements for the year-ended December 31, 2015). Net finance costs were $2.6 million in 2015 compared to $1.8 million in 2014. Interest related to debt increased with a higher average balance outstanding due to draws of $4.0 million on the term facility in each of March and November. The Company's interest rate on its term and operating facilities increased as part of the facility renewal in November. Interest on finance leases decreased with the decrease in the outstanding balance of the Hawk system purchases in June 2012 and June 2013 as well as the expiry of certain other finance leases. Interest on operating lines increased as these facilities were utilized to fund working capital for the Canadian winter and equipment expenditures and mobilization for Tesla International's projects in Africa. Interest income is not significant.

INCOME TAXES

Income tax expense was $10.3 million (Current – $0.9 million; Deferred – $9.4 million) in 2015 compared to $4.9 million recovery (Current – $0.6 million; Deferred – $4.3 million) in 2014. Current tax in 2015 relates to an accrual for operations in Kenya, as well as withholding taxes paid to the Canada Revenue Agency on equipment rental from the US. Deferred tax expense in 2015 relates to the derecognition of deferred tax assets. The Company determined that it does not meet the probable assumption that it will realize its deferred tax assets in the normal course of business due to the uncertainty around its ability to continue as a going concern. In 2014, losses in Tesla

USA and Tesla Offshore created additional loss carryforwards that can be utilized against future taxable income in the United States. In 2015, the Company carried back tax losses of $2.1 million from its 2014 tax return to receive a refund for taxes paid in 2013.

The effective rates vary as a result of the mix of tax recoveries and tax provisions at different rates for the various jurisdictions in which Tesla does business along with the non-deductible nature of items such as share-based payment charges and irrecoverable foreign taxes.

NET INCOME

The Company had net loss of ($51.6) million (($2.36) per share) in 2015 compared to net loss of ($11.5) million (($0.52) per share) in 2014. The net loss excluding impairments was $(39.1) million (($1.79) per share). The decrease was due to greater losses for all divisions as previously discussed.

COMPREHENSIVE INCOME

The Company recorded a comprehensive loss of ($45.6) million (($2.08) per share) in 2015, consisting of a net loss of ($51.6) million offset by $6.1 million of other comprehensive income comprised of currency translation adjustments on foreign subsidiaries resulting from the weakening of the Canadian dollar during 2015. Comprehensive loss excluding asset impairment was ($33.0) million (($1.51) per share). In 2014, the Company recorded comprehensive loss of ($8.1) million consisting of ($11.5) million net loss and $3.4 million of other comprehensive income comprised of currency translation adjustments on foreign subsidiaries resulting from the weakening of the Canadian dollar during 2014.

LIQUIDITY AND CAPTIAL RESOURCES

At December 31, 2015, the net working capital deficit was $(37.2) million (2014 – $3.4 million) including net bank indebtedness of $(32.7) million (2014 – $5.6 million). Cash generated from operating activities during the year and net draws of $7.1 million on term debt were used to repay $2.6 million of operating lines, repay $6.2 million of regular finance leases, and fund $2.3 million of capital expenditures. Operating lines continue to be utilized to fund ongoing operations in certain jurisdictions.

Debt as a percentage of total capitalization provides a measure to assess the relative leverage of the Company. At December 31, 2015 this ratio was 77.8%, an increase from 38.9% at December 31, 2014 due to draws on the term debt facility to fund capital expenditures for Tesla International as well as working capital requirements for each of the operating entities, particularly Tesla International which had large expenditures related to programs in Ethiopia and the DRC. This ratio has also increased due to the net loss incurred by the Company during the year which reduces the total equity balance as at December 31, 2015.

Operating activities

Net cash generated from operating activities decreased to $1.9 million in 2015 from $21.6 million in 2014 due to the reduction in cash flows of Tesla Canada, Tesla USA, Tesla Offshore and Tesla International.

Investment in property and equipment
Investing activities used $0.2 million of cash during 2015 (2014 – $28.0 million).

Additions to property and equipment in 2015 were limited including support vehicles and adapters for recording stations in North America as well as support vehicles and camp equipment for projects in the DRC and Ethiopia.

Additions to property and equipment in 2014 included the purchase of a 6,000 FSU Hawk system in January and the AUV in February. Significant additions of field equipment and vehicles were made for Tesla International's programs in DRC, Kenya and Ethiopia. As previously discussed, assets purchased for the DRC program were redeployed to Ethiopia when the program was postponed in October. The remaining expenditure was for corporate IT infrastructure and licensing and replacement field equipment and vehicles for Tesla Canada and Tesla USA.

Financing activities
Financing activities used $3.5 million of cash during 2015 (2014 – $0.2 million) including $6.2 million repaid on finance leases (2014 – $5.3 million), interest paid on operating lines, leases and long-term debt of $1.8 million (2014 – $1.5 million). These payments were made using operating cash flows as well as net draws of $7.1 million on its term debt facility (2014 – $7.9 million).

During the fourth quarter, the Company renewed its Canadian corporate credit facility agreement. See Note 11 and 26 to the consolidated annual financial statements for the year-ended December 31, 2015. The facility expires on June 30, 2016 and includes the following terms:

- North American demand operating facility: $10.0 million replacing the previous $15.0 million operating facility.
- North American demand non-revolving term facility: $28.0 million replacing the previous $30.0 million revolving facility.
- North American leasing facility: $0.7 million + USD$8.5 million replacing the previous $5.0 million + USD$19.0 million leasing facility.
- During the extension period, no further advances are permitted under the non-revolving facility or the leasing facilities.
- Interest rates on the operating and non-revolving facilities range from the lender's prime rate plus 0.50% to prime plus 3.50% based on the Company's ratio of funded debt to trailing twelve-month EBITDA. From the date of signing until the date of these statements the applicable interest rate has been set at prime plus 3.50%. Interest rates on the Company's leases remain unchanged.
- An amendment fee payable to the lender on June 30, 2016 equal to 0.625% of the aggregate limit of the operating facility, term facility and leasing facilities at that date. The Company has estimated that this amount will be $285,000 and has accrued this amount in financing expenses for the twelve months ended December 31, 2015.
- Borrowing base for the North American operating facility to be calculated as the lesser of $10.0 million and the sum of:
    - 75% of accepted receivables,
    - 85% of investment grade receivables,
    - 100% of North American cash held with the lender.

- In certain months during the term of the facility, the lender has provided the Company with a margin free allowance ranging from $250,000 to $1,550,000 to be utilized in certain circumstances.
- Matco Investments Ltd. ("Matco"), the Company's largest shareholder, has provided a guarantee in the amount of $2.5 million, in favor of the Company's lender, which becomes operative in certain circumstances and is secured by a first security position on certain receivables of the Company which are not included in the accepted receivables for the borrowing base calculation above ("The Matco Guarantee"). Amounts drawn on the Matco Guarantee are subject to an interest rate equal to 10% per annum while undrawn amounts are subject to a standby fee equal to 4.5% per annum. Overdue amounts are subject to an additional interest rate of two percent per annum. Subsequent to December 31, 2015, incremental equity consideration of $251,457 was issued to Matco for provision of the Matco Guarantee through the issuance of 349,731 common shares in Tesla from treasury at the price of $0.719 per common share, which is the volume weighted average trading price on the TSX for the 30 calendar days ended November 30, 2015. The terms of the Matco Guarantee, including the incremental equity consideration, were negotiated and recommended for approval by an independent committee of the Company's board of directors.
- The facility is secured by:
  - A general security agreement over the assets of the Company.
  - A security agreement over the North American cash on deposit with the lender.
  - A fixed charge mortgage over the Company's land and building in the United States.

The key financial covenant on the Company's Canadian operating and term facilities as at December 31, 2015 is as follows:

Lender Adjusted EBITDA(1) for the period must not be less than		
(000s)		
Three months ended December 31, 2015	**$**	**(2,493)**
Three months ended March 31, 2016	**$**	**2,790**
Three months ended June 30, 2016	**$**	**(1,195)**

(1) "Lender Adjusted EBITDA" refers to earnings before interest, taxes, depreciation and amortization. Lender Adjusted EBITDA is calculated based on terms and definitions set out in the agreement governing the credit facility which adjusts net income for financing costs and certain specific unrealized and non-cash transactions at the approval of the lender.

The covenant is monitored on a continual basis by management and the lender to ensure compliance with the requirements. As at December 31, 2015 the Company was in compliance with its covenant.

As part of the credit facility renewal, the £4.0 million ($8.2 million) overdraft facility previously available to the Company's UK subsidiary has been reduced to a maximum of £1.8 million ($3.7 million) due on demand and bearing interest at the bank's base rate plus 2.75% per annum, which for 2015 averaged 3.25%. The facility is collateralized by a general security agreement over the fixed assets of the Company's UK subsidiary and a guarantee from the Company in respect of the UK subsidiary's liabilities to the UK lender.

Contractual obligations and off-balance sheet arrangements

The Company has future commitments related to office building and equipment leases, capital leases, long-term debt and vehicle and equipment rental agreements. The annual obligations pursuant to the terms of the agreements include principal payments and interest as follows:

$000's	Total	2016	2017	2018	>2019
Office and equipment leases	**1,671**	529	414	277	451
Finance leases	**11,667**	6,872	3,945	850	-
Long-term debt	**29,736**	29,736	-	-	-
Total contractual obligations	**43,074**	37,137	4,359	1,127	451

Other than operating lease commitments relating to its premises and equipment, the Matco Guarantee and financing agreements relating to its insurance policies, the Company has no other off-balance sheet arrangements.

In the normal course of operations, the Company is involved in negotiations concerning certain events incurred while completing projects. Management believes any costs associated with these events or negotiations are covered by insurance claims, provisions or are spurious in nature.

On October 30, 2013, the Company received notice that a claim had been filed under maritime law for property damage losses against the Company and a vessel owner and operator under contract to the Company (the "Defendants") by an unrelated third party (the "Plaintiff") in the United States District Court for the Eastern District of Louisiana (the "Court"). The Plaintiff is seeking in excess of USD$10 million ($13.8 million) in damages from the Defendants for alleged physical damages and economic losses resulting from an incident involving a time chartered vessel under contract to Tesla Offshore in November 2012. The vessel owner and operator filed its defense against the Plaintiff's claim and brought a cross-claim charge against Tesla Offshore related to the incident. Tesla Offshore has responded to the complaint by denying any and all liability and fault. In October 2014, Tesla Offshore's insurance underwriters have agreed to cover the claim and associated legal fees. In March 2016, a judgment was rendered against the defendants with Tesla's share amounting to approximately USD$6.9 million ($9.6 million). Accordingly the Company has accrued a liability for this amount as at December 31, 2015 as well as a receivable for the same amount from its insurer. The judgment indicated that the Company's obligation is joint and severable, which could increase the Company's obligation to the full amount of the judgment, including interest, of USD$9.2 million ($12.8 million). The insurer is currently evaluating its options for an appeal. As a result the Company has maintained its cross claim against the chase vessel owner and operator

On October 20, 2014, the Company filed a statement of claim in the Court of Queen's Bench of Alberta against a client for unpaid invoices relating to work performed in the fourth quarter of 2013 and the first quarter of 2014 in the amount of $4.8 million plus interest and associated legal fees. The client has responded by disputing this claim, as such, a portion of the amount invoiced has not been recognized in revenue or accounts receivable as at December 31, 2015 due to the uncertainty around its collectability as of the date of this report. On December 9, 2014 the Company received a counterclaim denying the Company's claim and claiming $35.2 million in damages for poor data quality and additional staffing and clean-up costs. The Company does not believe there is merit to the counterclaim. The direction and financial consequences to the Company, if any, of this claim cannot be determined at this time and consequently, no provision has been recorded in the Company's consolidated financial statements.

On August 14, 2015 the Company filed a statement of claim in the UK High Courts of Justice, Queen's Bench Division, against a client for unpaid invoices relating to work performed in the fourth quarter of 2014 and the first quarter of 2015 in the amount of USD$6.5 million ($9.0 million) plus associated interests and costs. The client has responded by disputing this claim, and given the uncertainty as to the outcome of the claim as of the date of this report, a provision has been made against the receivable as at December 31, 2015. On September 30, 2015 the Company received a counterclaim denying the Company's claim and claiming USD$3.6 million ($5.0 million) in damages plus associated costs for unperformed duties under the contract. The Company does not believe there is merit to the counterclaim. The direction and financial consequences to the Company, if any, of this claim cannot be determined at this time and consequently, no provision has been recorded in the Company's consolidated financial statements.

SHAREHOLDERS' EQUITY

Shareholders' equity decreased to $11.2 million at December 31, 2015 from $56.4 million at December 31, 2014 due to the net loss generated during the year which, was partially offset by an increase in accumulated other comprehensive income due to the weakening of the Canadian dollar against the functional currency of the Company's foreign subsidiaries as well as an increase in contributed surplus due to the revaluation of the Company's share-based compensation liability during the year.

On April 28, 2015 the Company commenced an NCIB as approved by the TSX on April 23, 2015. During the year ended December 31, 2015 the Company did not purchase any shares under the NCIB (2014 – 525,000 shares at $2.64). No purchases were made subsequent to December 31, 2015 as of the date of this MD&A.

As at the date of this MD&A, the Company had 22,557,153 shares issued and outstanding and 1,671,911 stock options outstanding with a weighted average exercise price of $1.91 per common share.

OUTLOOK

Despite many challenges facing Tesla at the current time, the Company maintains a positive outlook. Contracts are underway or under bid and the Company continues to pursue large projects with well-financed companies including major oil and gas operators particularly in East Africa and offshore around the world. Tesla continues to be optimistic that with the commitments of its clients, the return to service of its AUV and successful execution of programs in Africa during the year it can overcome the recent downturn in the North American land seismic market and improve on the results of 2015. The Company, through its strong customer relationships and operational performance, has managed to market itself effectively in new markets and improve its share of the diminished seismic market. In an effort to remain viable during lower activity levels Tesla has further reduced compensation and headcount across the Company as well as minimized capital expenditures and all discretionary spending.

North America Land Operations

Tesla Canada's operations for the first quarter of 2016 started off more profitably than in 2015 due to cost cutting efforts operationally and in relation to general and administrative expenses. Tesla Canada has also implemented more effective scheduling of programs to limit downtime and mobilization costs. Despite the reduced size of the seismic industry in total, Tesla has been able to maintain its key clients and increase its market share. The Company benefited from a large seismic program in January by one of its core clients that did not have any work scheduled in 2015. Visibility for the remainder of 2016 remains very limited due to the continued low West Texas Intermediate and Western Canadian Select benchmark oil prices. The seismic industry has seen many upstream producers further reduce exploration budgets and development projects as they focus on their own core areas where historical geophysical data is often already available. With fewer programs available for bid, many competitors have resorted to aggressive bidding to secure work. Weakness in the US and the merger of key players in the North American seismic market has also led to increased focus in the Canadian market. Competitors have increased the capacity of single component and 3C wireless equipment fueling the pricing pressure. Weakness in the Canadian Dollar vis-à-vis the US dollar should continue to make it difficult for US competitors to make inroads in Canada. Most oil and gas operators continue to emphasize low cost as the main differentiator in the bid process, reducing the effectiveness of Tesla's marketing efforts highlighting its operational and health, safety and environmental excellence. The Company hopes to weather this period and distinguish itself as the seismic contractor of choice throughout Canada. The Company remains well positioned to service demand with its 22,000 station FSU Hawk system in North America. Demand for seismic services in general continues to be much lower than historical levels and Tesla continues to find ways to minimize its costs and improve the flexibility of overheads. The Company continues to focus on developing efficiencies within its field crews in order to remain competitive in terms of pricing for the limited programs available and to create the most value possible from the work secured.

Tesla USA continues to face a weak seismic market with heavy competition for available projects as oil and gas companies prioritize production and development focused drilling, supplemented with the purchase of existing seismic data, as opposed to exploration and associated seismic activity to acquire new sub-surface data. Client budgets have been reallocated to enhance drilling and production operations which detrimentally affected scheduling of certain projects. This may be driven by a need to assess and consolidate current land positions with consideration given to moving into deeper resource horizons while releasing acreage that is considered uneconomical to develop. Additionally, anti-hydraulic fracturing groups have continued to find success in their attempts to delay passage of legislation acceptable to industry and stakeholders. Pricing of services continues to be the driving factor in this competitive market with requirements for higher channel counts, wireless recording systems and third-party multi-client programs driving the demand for services. Once again, this limits the effectiveness of Tesla's strong operational, client service, health safety and environmental performance as a marketing tool. In response to this, Tesla USA has continued to focus on minimizing its overhead costs. Activity levels remain focused on oil, dry gas and liquid rich shale plays such as the Bakken, Utica (eastern Ohio), Marcellus (western Pennsylvania and West Virginia), Eagleford (south Texas) and Denver-Julesburg ("DJ") Basin. Tesla USA has continued to work through a moderate backlog of small microseismic monitoring projects as it continues to bid on larger 3D surveys. Despite the success of Tesla USA in Pennsylvania during the third quarter of 2015, there are no significant projects currently signed. The Company has continued to reduce its personnel costs in the US Land operation.

Tesla has shifted its microseismic focus towards passive monitoring for measuring induced seismicity in response to the Subsurface Order No 2 implemented by the Alberta Energy Regulator (AER) and similar changes from the British Columbia Oil and Gas Commission (BCOGC). The detection and characterization of induced seismicity related to hydraulic fracturing is an emerging business line that provides the Company with growth opportunities given the current and pending governmental policies on reporting these induced seismic events.

South and Central America Operations

There were no operations in South or Central America during 2015 or 2014; however, Tesla has secured a project management roll in a survey in Trinidad for 2016, which will contribute to the Company's bottom line without utilizing the Company's owned assets. Tesla remains open to opportunities to expand its footprint in South and Central America. The Company has reduced its marketing and scouting budget due to the lack of success and is closing its office in Colombia in an effort to contain costs throughout the Company. Tesla will coordinate further marketing from Canada to maintain a presence in the region and will opportunistically continue to develop relationships with local and international operators and vendors as it awaits a political and economic environment that is conducive to pursuing projects more vigorously.

International Operations

Tesla International initiated a substantial mobilization into the DRC during the fourth quarter of 2015. Though progress was met with some delays with respect to securing camp and other infrastructure for the Company's crew in country, the mobilization was completed and acquisition initiated in February 2016. Acquisition continues and should be completed in April. Opportunities for work in the DRC and Uganda remain outstanding with historical clients of Tesla that would keep the crew in the region through the end of 2016.

Tesla International's UK/Europe crew continues to enjoy an extremely high share of the UK/Europe seismic acquisition market. The recent release of the fourteenth licencing round in the UK has given some indications that several significant projects will take place starting as early as the third quarter of 2016. Receipt of permits has continued to cause some delays in the commencement of these projects; however, the Company continues to use its resources and expertise to assist its clients in securing approval for these projects.

Offshore Operations

Due to the sustained decline in domestic oil and gas industry activity, Tesla Offshore has continued the expansion of service offerings to international projects. Both conventional geophysical projects, as well as operations centered around the Company's Bluefin 21 AUV, are being proposed in multiple areas within Mexico, Brazil and Southeast Asia. Additionally, Tesla Offshore continues to pursue opportunities with long-term engineering companies and other clients who are also pursuing work outside the Gulf of Mexico. Tesla Offshore continue to configure systems and staff to profitably provide services to support these expansions of our repeat customers. As the end of the seasonal adverse winter weather approaches, the Company is remobilizing its dedicated geophysical vessels for a combination of AUV and conventional sensor suite operations. Central and Western Gulf of Mexico lease sales continue at lower interest levels, but Tesla Offshore hopes to remain active with the AUV and a charter geophysical vessel through much of the summer. The Company's goal is to be prepared when the oil prices normalize and activity levels improve in the Gulf of Mexico.

Construction activities, after remaining lower than historical levels due to reductions in drilling activities in the Gulf of Mexico, are slowly ramping back up to moderate utilization levels. Overall, the construction division is expected to continue to experience reduced activity levels, but Tesla Offshore fully expects to capture a consistent share of the available opportunities.

SUMMARY OF QUARTERLY RESULTS

A summary of operating results by quarter for the past eight quarters is as follows:

(000s, except per share data)(unaudited)	**Q4 Dec 31 2015**	Q3 Sep 30 2015	Q2 Jun 30 2015	Q1 Mar 31 2015	Q4 Dec 31 2014	Q3 Sep 30 2014	Q2 June 30 2014	Q1 Mar 31 2014
Revenue	**15,004**	30,255	18,175	26,189	27,069	18,940	24,630	61,493
Gross margin [1]	**1,431**	7,157	2,979	5,351	9,682	4,049	3,644	16,324
Net earnings (loss)	**(15,256)**	(12,860)	(8,795)	(14,711)	(2,437)	(5,177)	(7,002)	3,129
Per share - basic	**(0.70)**	(0.59)	(0.40)	(0.67)	(0.11)	(0.24)	(0.32)	0.14
Adjusted EBITDA [1]	**(3,750)**	2,693	(1,374)	17	5,147	(1,447)	(2,039)	10,057
Per share - basic	**(0.17)**	0.12	(0.06)	0.00	0.24	(0.07)	(0.09)	0.45
Cash flow from operations	**(4,374)**	3,364	(1,510)	(191)	5,762	(6)	(1,078)	7,342
Per share - basic	**(0.20)**	0.15	(0.07)	(0.01)	0.26	(0.00)	(0.05)	0.33
Working capital	**(37,189)**	(29,962)	(28,987)	(3,202)	(3,406)	(5,679)	419	4,977
Capital expenditures, gross	**1,499**	1,396	1,003	473	5,192	3,940	2,643	16,210
Total assets	**81,170**	87,908	100,206	115,002	124,203	122,117	128,604	160,748
Long-term borrowings [2]	**46,182**	36,435	37,140	39,792	35,971	31,872	32,443	33,993
Equity	**11,196**	25,121	35,824	45,275	56,383	57,640	60,856	70,452
Weighted average shares outstanding for the period	**21,891**	21,891	21,891	21,891	21,895	21,895	22,210	22,391

1. See "Non-GAAP Financial Measures"
2. Includes finance lease obligations and term credit facility, including current portions.

SEASONALITY OF OPERATIONS

As a result of having significant operations in western Canada, the Company's earnings are impacted by the seasonal activity pattern of western Canada's oil and gas exploration industry. In northern Alberta and British Columbia, certain areas are only accessible during the winter months. In spring and early summer, industry oil and gas exploration and development activity levels decrease due to wet spring conditions. Offshore Marine Survey operations are impacted by weather in the Gulf of Mexico resulting in historically fewer operational days in November through April. The Company's International land acquisition operations can be negatively impacted by rainy season in the Sub-Saharan African regions in which it operates. The Company's earnings may fluctuate from quarter-to-quarter as a result of these seasonal conditions.

In the first quarter of 2015 the cancellation and postponement of many winter programs for the

North American land division, due to cuts in exploration spending brought on by lower commodity prices, resulted in revenue and earnings that were well below historical performance. Some of these programs were executed in the latter half of 2015 which, when combined with lower spending for equipment repair and maintenance, resulted in less variation between quarterly performance in North American during 2015.

Limited revenue and earnings were generated by Tesla International in the first quarter of 2015. Tesla International's project in Ethiopia and subsequent mobilization to the DRC as well as projects in the UK have kept these crews active for much of 2015.

BUSINESS RISKS

The Company is exposed to many risks inherent in its three business segments. These risks and Tesla's mitigation strategy are outlined below.

Risk	Mitigation
Depressed commodity prices	Tesla maintains good client relations and obtains non-refundable deposits when possible. Tesla utilizes its geographic diversity to focus on areas where short-term commodity prices have a reduced impact on activity levels. Tesla maintains as much flexibility with its balance sheet as possible by reducing capital expenditures as well as direct and overhead costs where possible.
Program cancellations	Tesla looks to target and establish alliances with reputable customers in areas that are economically and politically stable. The Company also obtains non-refundable deposits or early termination fees when possible.
Competition	Tesla will look to move resources to better markets utilizing its diverse geographic footprint. Tesla looks to distinguish itself in service, performance and technology and focuses on value-added customers. Tesla will concentrate its activities in areas where it has demonstrated technical and operational advantages.
International political risk	Tesla will look to move resources to better markets utilizing its diverse geographic footprint. Tesla works with local governments where possible and maintains appropriate insurance coverage.
Loss of core customers	Tesla looks to minimize this by maintaining a high level of job performance, good client relations, a focus on HSE and utilizing a fully trained staff. Tesla responds to issues in a timely manner through regular client communications.

Weather	Tesla looks to exploit the seasonality in the various areas it does business and builds weather protection clauses into contracts to prevent loss from extreme weather events that can occur in the locations that the Company operates.
Environmental and property damage	Tesla evaluates the risks and makes contingencies for environmental issues. Training programs for staff ensure they are aware of issues and their corporate responsibility as provided for by HSE policies. Appropriate insurance coverage is maintained.
Errors and omissions	Tesla ensures it employs and trains highly competent professional staff and maintains appropriate insurance coverage.
Technology	Tesla monitors current trends and invests in new technology and the latest equipment in appropriate quantities to service niche markets and meet its customers' requirements while remaining cognizant of the size and outlook of the industry and markets in which it operates.
Labour shortages	Tesla will target excess labour markets for its seasonal workforce. Tesla has the ability to move personnel between its divisions and offers competitive compensation packages.
Contracts	Tesla looks to target term contracts as opposed to turnkey contracts to minimize financial risk. Policies are in place for contract review prior to commitments being made.
Financing requirements liquidity and market perception	Tesla monitors operational results daily and strives to meet and exceed financial projections. Tesla communicates frequently with its lender to manage its debt levels within its covenants and to maintain the most favorable financing terms possible. In addition, Tesla communicates with investors and analysts to raise awareness of corporate performance.
Reliance on key management	Tesla employs and trains highly competent professional staff and a succession plan is being developed.
Capital asset management	Tesla moves equipment to markets that allow for a high level of utilization and invests in equipment and markets that allow for the highest returns on investment.

Global financial instability	Tesla has diversified business lines in a number of geographical locations worldwide. Tesla looks to target and establish alliances with reputable customers and obtains non-refundable deposits when possible.
International tax compliance	Tesla uses in-country experts associated with an international accounting firm to provide guidance on related tax rules and regulations.
Compliance with foreign corrupt practices legislation	Tesla has a Code of Ethics and Professional Conduct that all employees are required to adhere to as well as an Anti-bribery and Corruption Policy. Tesla's Executive Management sets an appropriate "tone at the top". Legal counsel advice is sought out when necessary.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its financial assets and liabilities. The financial risks include market risk relating to interest rates and foreign exchange rates, credit risk and liquidity risk.

Market Risk

Market risk, the risk that the fair value of future cash flows of financial assets or liabilities will fluctuate due to movements in market rates is comprised of the following:

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its revolving credit facility and operating loan facilities.

For the year-ended December 31, 2015, an increase or decrease in interest expense for each one percent change in interest rates on floating rate debt would have amounted to approximately $325,000 (December 31, 2014 – $261,000).

Foreign exchange rate risk

The Company operates in the U.S., U.K. and other countries, therefore fluctuations in the exchange rates between the Canadian dollar and foreign currencies can have a significant effect on the fair value of future cash flows of the Company's financial assets and liabilities. The Company does not hedge its foreign currency exposure for transactions during, or at the end of, the year.

The Canadian entity is exposed to currency risk on foreign currency denominated financial assets and liabilities with adjustments recognized as foreign exchange gains and/or losses in the consolidated statement of operations.

Foreign entities with a functional currency other than the Canadian dollar expose the Company to currency risk on the translation of these entities' financial assets and liabilities to Canadian dollars for consolidation. Tesla Offshore's operations in the U.S. have a U.S. dollar functional currency and Tesla Exploration International's operations in the U.K. have a Pound Sterling functional currency. Adjustments arising when translating these foreign entities into Canadian dollars are reflected in the consolidated statement of comprehensive income – as gains or losses on translating financial statements of foreign operations. Fluctuations in the foreign currencies also impact the earnings of the Company as U.S. dollar and Pound Sterling denominated earnings are translated into the Canadian dollar reporting currency.

The impact of a $0.05 weakening of the Canadian dollar relative to the U.S. dollar during the year-ended December 31, 2015 would have decreased earnings by $1,742,000 (December 31, 2014 – 305,000).

The impact of a $0.05 weakening of the Canadian dollar relative to the Pound Sterling during the year-ended December 31, 2015 would have caused a $691,000 decrease in earnings (December 31, 2014 – increased earnings by $226,000).

Foreign entities are also exposed to currency risk on financial assets and liabilities denominated in currencies other than their functional currency with adjustments recognized in the consolidated statements of operations. Tesla Exploration International's operations based in the U.K. where the functional currency is the Pound Sterling will incur foreign exchange gains and/or losses on financial assets and liabilities denominated in currencies other than the Pound Sterling, such as the U.S. dollar.

The impact of a $0.05 weakening of the Canadian dollar relative to the U.S. dollar at December 31, 2015 on foreign denominated financial assets and liabilities would have resulted in a $181,000 increase in earnings (December 31, 2014 – $398,000 increase).

Credit Risk
Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations and as a result, create a financial loss for the Company.

Customers

The Company's accounts receivable are predominantly with customers who explore for and develop natural gas and petroleum reserves and are subject to normal industry credit risks. The Company assesses the credit worthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accordingly, the Company views the credit risks on these amounts as normal for the industry. The carrying amount of accounts receivable represents the maximum credit exposure on this balance. Payment terms with customers vary by region and contract; however, standard payment terms are 30 days from invoice date. Historically, industry practice allows for payment up to 90 days.

The Company considers its accounts receivable excluding doubtful accounts to be aged as follows:

	December 31, 2015	December 31, 2014
	$	$
Current (0-30 days from invoice date)	**17,040,906**	11,331,896
31-60 days	**964,854**	2,353,169
61-90 days	**399,838**	1,079,962
Greater than 90 days	**10,154,689**	7,147,141
	28,560,287	21,912,168
Provision for bad debts	**(5,836,759)**	(1,651,856)
	22,723,528	20,260,312

Total accounts receivable outstanding greater than 90 days net of provisions was $4.3 million at December 31, 2015 (December 31, 2014 – $5,495,285). Management believes that amounts outstanding greater than 90 days that have not been provided for will be collected in the normal course. Certain receivables outstanding over 90 days are in ongoing legal disputes. The Company has recorded its best estimate of the amount that will be recoverable.

Changes in the provision for bad debts are comprised of the following	**December 31, 2015**	December 31, 2014
	$	$
Provision, beginning of the year	**1,651,856**	1,010,899
Bad debt expense	**3,689,924**	1,407,362
Recoveries, write offs and other	**494,979**	(766,405)
Provision, end of the year	**5,836,759**	1,651,856

Counterparties

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties to cash transactions are limited to high credit quality financial institutions. The Company does not anticipate non-performance that would materially impact the Company’s financial statements.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash and debt management. The Company believes that it has the capital resources and availability to fund operating working capital, capital expenditures related to equipment purchases and to finance strategic acquisitions. Sources of funds available to meet these requirements include cash flow from operations, external lines of credit, equipment financing, term loans and public equity financings. As at December 31, 2015, the Company had the following resources available to fund the cash outflows relating to its financial liabilities:

	December 31, 2015	December 31, 2014
	$	$
Cash	**2,360,352**	3,679,406
Accounts receivable	**22,723,528**	20,260,312
Unused bank credit facilities	**6,156,864**	23,060,260
	31,240,744	46,999,978

Accrued receivables includes USD$6.9 million ($9.6 million) which is due to the Company from an insurer pending settlement of the Company's obligation of the same amount arising from the judgment rendered against the Company in the District Court of Louisiana in March of 2016.

The timing of undiscounted cash flows relating to financial liabilities and associated interest payments are outlined in the table below:

	Less Than 1 Year	**2-3 Years**	**4-5 Years**	**Thereafter**	**Total**
December 31, 2015	**$**	**$**	**$**	**$**	**$**
Operating lines of credit	7,018,485	-	-	-	7,018,485
Trade and other payables	22,753,508	-	-	-	22,753,508
Income tax payable	233,368	-	-	-	233,368
Share-based compensation liability	93,983	42,310	-	-	136,293
Long-term debt	29,736,000	-	-	-	29,736,000
Finance lease obligations	6,872,121	4,795,141	-	-	11,667,262
	66,707,465	4,837,451	-	-	71,544,916

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities and operating line of credit approximates fair value due to the short-term nature of these financial instruments.

The carrying value of long-term debt approximates fair value due to the floating rate nature of the 364-day revolving facility.

The fair value of fixed rate capital leases is approximately $11.3 million compared to a carrying value of $11.2 million as the rates on existing leases are slightly higher on average than current rates.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. Accordingly, the impact of these estimates, assumptions and judgments on the consolidated financial statements in future periods could be material. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of asset carrying values
The Company assesses its property and equipment, and goodwill for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date. Such indicators include changes in the group's business plans, changes in the market and evidence of physical damage.

The assessment for impairment entails comparing the carrying value of the cash-generating unit ("CGU") with its recoverable amount, that is, the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future contract prices, the effects of inflation on operating expenses, discount rates, and the outlook for regional market supply-and-demand conditions for seismic data acquisition.

During the year-ended December 31, 2015 the Company completed its assessments and recognized a goodwill impairment loss of $8.4 million related to the Tesla International CGU. Tesla North America also recognized a $4.0 million impairment loss on its fixed assets.

Depreciation
Depreciation of the Company's property and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby impacting the value of the Company's property and equipment.

Fair value of financial instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. The fair values of financial instruments that are included in the consolidated statement of financial position, except long-term debt and finance lease obligations, approximate their carrying amounts due to the short-term maturity of those instruments. Long-term debt and finance lease obligations are carried at amortized cost using the effective interest method of amortization, which approximates fair value.

Share-based compensation
Stock options are valued using the fair value method. Management uses the Black-Scholes valuation model to estimate the fair value of options at each reporting period. Significant assumptions affecting valuation of options include the trading value of the Company's shares each reporting period, the exercise price, the term allowed for exercise, a volatility factor relating to the Company's historical share price, dividend yield and the risk-free interest rate.

Income taxes
The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. Where the final tax

outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Company uses the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recorded based on the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax assets are reviewed at each reporting date and are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Judgement is required to assess whether or not there will be sufficient taxable profits available to utilize all or part of a deferred tax asset. The operations of the Company are complex, and related tax interpretations, regulations and estimates for income taxes involve making judgment with respects to interpretations of tax regulation and related legislation which is continually changing.

Allowance for doubtful accounts

The Company performs ongoing credit evaluations of its customers and grants credit based upon a review of historical collection experience, current aging status, financial condition of the customer, and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based upon specific situations and overall industry conditions.

Segment reporting

The Company's reportable segments are based on the operations of the Company that the chief operating decision maker regularly reviews to analyze performance and allocate resources among business units of the Company. Judgement is required when determining the way in which the economic characteristics, nature of services, equipment and personnel required, type of customers and methods of providing services are similar. Management continually assesses the appropriateness of the aggregation criteria used to determine the reportable segments.

ACCOUNTING POLICIES

New Standards and Interpretations Not Yet Adopted

The annual improvements process addresses issues in the 2012-2014 reporting cycles including changes to IFRS 5, Non-current assets held for sale and discontinued operations, IFRS 7, Financial Instruments: Disclosures, IAS 19, Employee Benefits, and IAS 34, Interim Financial Reporting. These improvements are effective for periods beginning on or after January 1, 2016. The adoption of these improvements are not expected to have a material impact on the consolidated financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1"), has been amended to clarify the guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment to IAS 1 is effective for annual periods beginning on or after January 1, 2016

IAS 16, Property Plant and Equipment ("IAS 16"), and IAS 38, Intangible Assets ("IAS 38"), has been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016.

IFRS 10, Consolidated Financial Statements ("IFRS 10"), and IAS 28, Investments in Associates and Joint Ventures ("IAS 28"), has been amended to address an inconsistency between IFRS 10 and IAS 28 in regards to a sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when the transaction involves a business combination, and whereas a partial gain is recognized when the transaction involves the assets that do not constitute a business. Additionally, the amendments clarify the exception from preparing consolidated financial statements, the consolidation requirements for subsidiaries which act as an extension of an investment entity, and the requirements for equity accounting for investments in associates and joint ventures. The amendments to IFRS 10 and IAS 28 are effective for annual periods beginning on or after January 1, 2016.

IFRS 11, Accounting for Acquisitions of Interests in Joint Operations ("IFRS 11"), has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The amendment to IFRS 11 is effective for annual periods beginning on or after January 1, 2016.

The adoption of these amendments are not expected to have a material impact on the consolidated financial statements.

The IASB completed the final element of its comprehensive publication of IFRS 9 Financial Instruments in July 2014. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), has been issued as a new standard on revenue recognition and will supersede IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, Leases ("IFRS 16"), has been issued as a new standard on leases and will supersede IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of adopting these standards on its consolidated financial statements.

INTERNAL CONTROLS AND PROCEDURES

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") of Tesla is responsible for establishing and maintaining the Corporation's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"). He is assisted in this responsibility by the Corporation's senior management team. Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Corporation is accumulated and communicated to senior management, including the CEO, as appropriate, to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting at the preparation of financial statements for external purposes in accordance with IFRS.

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the Company's management, including the CEO, at December 31, 2015. This evaluation was based on the framework established by the Committee of Sponsoring Organizations ("COSO") in the "Internal Control-Integrated Framework (2013)" issued in May 2013. These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Company's assessment included documentation, evaluation, and testing of its internal controls over financial reporting.

The Company's management including the CEO, does not expect that the Company's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instance of fraud, if any, within the Company have been detected.

ADVISORIES

Forward Looking Statements

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements, which are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "intends", "continues", "estimates", "objective", "ongoing", "may", "will", "should", "might", "plans" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements are based on current expectations, estimates and projections that involve a number of known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These include, but are not limited to, the risks outlined in the "Business Risks" section of this document.

The information contained in this MD&A should not be considered all-inclusive as it excludes changes that may occur in general economic, political and environmental conditions. The Company cautions that actual performance will be affected by a number of factors, many of which are beyond its control. Investors are cautioned against attributing undue certainty to forward-looking statements. The forward-looking information and statements contained in this MD&A speak only as of the date hereof and, subject to its obligations under applicable law, the Company does not intend, and does not assume any obligation, to update these forward-looking statements if conditions or opinions should change.

Additional Data

The Annual Information Form containing additional information relating to the Company is filed on SEDAR at www.sedar.com.