TAMARACK VALLEY ENERGY LTD.

Condensed Consolidated Interim Balance Sheets
(unaudited) (thousands)

	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Accounts receivable	$33,283	$16,557
Prepaid expenses and deposits	3,041	1,369
Fair value of financial instruments (note 3)	1,383	–
	37,707	17,926
Property, plant and equipment (note 5)	1,146,243	601,420
Exploration and evaluation assets (note 6)	2,335	2,504
Deferred tax asset	–	41,714
	$1,186,285	$663,564
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$66,401	$25,015
Fair value of financial instruments (note 3)	1,420	10,704
	67,821	35,719
Bank debt (note 11)	135,484	45,227
Decommissioning obligations (note 7)	164,012	112,115
Deferred flow-through share premium	130	765
Deferred tax liability	35,149	–
Shareholders' equity:		
Share capital (note 9)	847,631	537,554
Contributed surplus	23,525	21,942
Deficit	(87,467)	(89,758)
	783,689	469,738
Commitments and contingencies (note 13)		
Subsequent events (note 3)		
	$1,186,285	$663,564

See accompanying notes to the condensed consolidated interim financial statements.

TAMARACK VALLEY ENERGY LTD.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the three months ended March 31, 2017 and 2016
(unaudited) (thousands, except per share amounts)

	2017	2016
Revenue:		
Oil and natural gas	$62,870	$19,618
Royalties	(6,641)	(1,780)
Realized gain (loss) on financial instruments (note 3)	(1,230)	6,305
Unrealized gain (loss) on financial instruments (note 3)	10,935	(2,104)
	65,934	22,039
Expenses:		
Production	18,291	10,155
General and administration	2,932	1,771
Transaction costs (note 4)	5,663	96
Stock-based compensation (note 12)	1,070	952
Finance	2,326	1,390
Depletion, depreciation and amortization	32,057	15,316
	62,339	29,680
Income (loss) before taxes	3,595	(7,641)
Deferred income tax recovery (expense)	(1,305)	1,806
Net income (loss) and comprehensive income (loss)	$2,290	$(5,835)
Net loss per share (note 10):		
Basic	$ 0.01	$(0.06)
Diluted	$ 0.01	$(0.06)

See accompanying notes to the condensed consolidated interim financial statements.

TAMARACK VALLEY ENERGY LTD.

Condensed Consolidated Interim Statements of Changes in Shareholder's Equity
(unaudited) (thousands)

	Number of common shares	Share capital	Contributed surplus	Deficit	Total Shareholder's equity
Balance at January 1, 2017	137,527	$537,554	$21,942	$(89,758)	$469,738
Issue of common shares	90,143	310,092	–	–	310,092
Share issue costs, net of tax of $5.5	–	(15)	–	–	(15)
Stock-based compensation	–	–	1,583	–	1,583
Net income	–	–	–	2,290	2,290
Balance at March 31, 2017	227,670	$847,631	$23,525	$(87,468)	$783,688

	Number of common shares	Share capital	Contributed surplus	Deficit	Total Shareholder's equity
Balance at January 1, 2016	99,971	$416,075	$17,044	$(61,935)	$371,184
Issue of common shares	14,966	43,701	–	–	43,701
Share issue costs, net of tax of $602.7	–	(1,630)	–	–	(1,630)
Stock-based compensation	–	–	1,358	–	1,358
Net loss	–	–	–	(5,835)	(5,835)
Balance at March 31, 2016	114,937	$458,146	$18,402	$(67,770)	$408,778

See accompanying notes to the condensed consolidated interim financial statements.

TAMARACK VALLEY ENERGY LTD.

Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2017 and 2016
(unaudited) (thousands)

	2017	2016
Cash provided by (used in):		
Operating:		
Net income (loss)	$2,290	$(5,835)
Items not involving cash:		
Depletion, depreciation and amortization	32,057	15,316
Stock-based compensation	1,070	952
Transaction costs (note 4)	5,663	96
Accretion expense on decommissioning obligations	906	347
Unrealized loss (gain) on financial instruments	(10,935)	2,104
Deferred income tax expense (recovery)	1,305	(1,806)
Funds from operations	32,356	11,174
Abandonment expenditures (note 7)	(201)	(153)
Transaction costs (note 4)	(5,663)	(96)
Changes in non-cash working capital (note 8)	(1,797)	3,557
Cash provided by operating activities	24,695	14,482
Financing:		
Change in bank debt	90,257	(32,766)
Proceeds from issuance of shares	–	43,701
Share issue costs	(21)	(2,232)
Cash provided by financing activities	90,236	8,703
Investing:		
Property, plant and equipment additions	(60,116)	(16,042)
Exploration and evaluation additions	(3,605)	(1,107)
Acquisitions (note 4)	(105,162)	–
Changes in non-cash working capital (note 8)	53,952	(6,036)
Cash used in investing activities	(114,931)	(23,185)
Change in cash and cash equivalents	–	–
Cash and cash equivalents, beginning of period	–	–
Cash and cash equivalents, end of period	$ –	$ –

See accompanying notes to the condensed consolidated interim financial statements.

1. Reporting entity:

Tamarack Valley Energy Ltd. ("Tamarack" or the "Company") is a corporation existing under the laws of Alberta. The Company is engaged in the exploration for, development and production of, oil and natural gas. The condensed consolidated interim financial statements of Tamarack consist of the Company and its subsidiaries. The Company has the following wholly owned subsidiaries, which are incorporated in Canada: Tamarack Acquisition Corp. and Tamarack Valley Ridge Holdings Ltd. The Company also has a subsidiary incorporated in the United States: Tamarack Ridge Resources Inc. On January 11, 2017, Tamarack Acquisition Corp. and Spur Resources Ltd., completed a vertical amalgamation under the *Business Corporations Act* (Alberta) to form "Tamarack Acquisition Corp".

Tamarack is a publicly traded company, incorporated and domiciled in Canada. The address of its registered office is Suite 2500, 450 – 1st Street S.W., Calgary, Alberta, T2P 5H1. The address of its head office is currently Suite 600, 425 – 1st Street S.W., Calgary, Alberta T2P 3L8.

2. Basis of preparation:

(a) Statement of compliance:

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" of International Financial Reporting Standards ("IFRS").

These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended December 31, 2016. The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual filings for the year ended December 31, 2016.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 15, 2017.

3. Commodity contracts:

It is the Company's policy to economically hedge some oil and natural gas sales using various financial derivative forward sales contracts and physical sales contracts. The Company does not apply hedge accounting for these contracts. The Company's production is usually sold using "spot" or near term contracts, with prices fixed at the time of transfer of custody or based on a monthly average market price. The Company, however, may give consideration in certain circumstances to the appropriateness of entering into long-term, fixed price marketing contracts. The Company does not enter into commodity contracts other than to meet its expected sales requirements.

All financial derivative contracts are classified as fair value through profit and loss and are recorded on the balance sheet at fair value. The fair value of forward contracts and swaps is determined by discounting the difference between the contracted prices and level 2 published forward price curves as at the balance sheet date, using the remaining contracted oil and natural gas volumes and a risk-free interest rate (based on published government rates). The fair value of options and collars is based on option models that use level 2 inputs, being published information with respect to volatility, prices and interest rates. The derivatives are valued at fair value to profit and loss and therefore carrying amount equals fair value.

At March 31, 2017, the Company held derivative commodity and financial contracts as follows:

Subject contract	Notional quantity	Remaining term	Hedge type	Strike price	Fair value (Cdn $000s)
Crude oil	3,000 bbls/day	April 1, 2017 – June 30, 2017	WTI fixed price	Cdn $63.88	($1,306)
Crude oil	2,300 bbls/day	July 1, 2017 – September 30, 2017	WTI fixed price	Cdn $68.40	$15
Crude oil	400 bbls/day	July 1, 2017 – September 30, 2017	WTI fixed price	US $55.23	$169
Crude oil	2,000 bbls/day	October 1, 2017 – December 31, 2017	WTI fixed price	Cdn $70.83	$439
Crude oil	600 bbls/day	October 1, 2017 – December 31, 2017	WTI fixed price	US $55.08	$224
Crude oil	600 bbls/day	April 1, 2017 – December 31, 2017	WTI written call option	Cdn $81.90	($94)
Crude oil	200 bbls/day	January 1, 2018 – March 31, 2018	WTI fixed price	Cdn $73.50	$84
Crude oil	600 bbls/day	January 1, 2018 – March 31, 2018	WTI fixed price	US $55.07	$217
Natural gas	23,000 GJ/day	April 1, 2017 – June 30, 2017	AECO fixed price	Cdn $2.60	$114
Natural gas	23,000 GJ/day	July 1, 2017 – September 30, 2017	AECO fixed price	Cdn $2.63	($20)
Natural gas	14,000 GJ/day	October 1, 2017 – December 31, 2017	AECO fixed price	Cdn $2.87	$48
Natural gas	2,000 GJ/day	January 1, 2018 – March 31, 2018	AECO fixed price	Cdn $3.14	$21
Foreign exchange	330,000 US$/mth	July 1, 2017 to March 31, 2018	Exchange rate	Cdn $1.34	$52
					($37)

At March 31, 2017, the commodity contracts were fair valued with a liability of $0.04 million (December 31, 2016 - $10.7 million liability) recorded on the balance sheet and an unrealized gain of $10.9 million recorded in earnings.

All physical commodity contracts are considered executory contracts and are not recorded at fair value on the balance sheet. On settlement, the realized benefit or loss is recognized in oil and natural gas revenue. At March 31, 2017, the Company held no physical commodity contracts.

Risk management contracts assets and liabilities are offset and the net amount presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The following table sets out gross amounts relating to risk management contract assets and liabilities that have been presented on a net basis on the balance sheet:

Gross Amounts (thousands)	**March 31, 2017**	December 31, 2016
Risk management contracts		
Current asset	**$1,383**	$ –
Current liability	**(1,420)**	(10,704)
Balance, end of the period	**($37)**	($10,704)

Since March 31, 2017, the Company has entered into the following derivative contracts:

Subject contract	Notional quantity	Remaining term	Hedge type	Strike price
Natural gas	9,000 GJ/day	October 1, 2017 – December 31, 2017	AECO fixed price	Cdn $2.95
Natural gas	19,000 GJ/day	January 1, 2018 – March 31, 2018	AECO fixed price	Cdn $3.15
Foreign exchange	335,000 US$/mth	July 1, 2017 to March 31, 2018	Exchange rate	Cdn $1.34

4. Corporate Acquisitions:

On January 11, 2017, Tamarack acquired Spur Resources Ltd. (“Spur”) by acquiring all of the issued and outstanding common shares of Spur with the issuance of 90.1 million common shares of the Company and $57.3 million of cash (the “Viking Acquisition”). The Viking Acquisition will build upon the Company's existing Viking asset base at Redwater and core Cardium assets at Wilson Creek. The operations from the Viking Acquisition have been included in Tamarack’s results commencing on January 11, 2017. Based upon Tamarack’s share price on the date of closing being January 11, 2017 of $3.44 per share, the total consideration paid by Tamarack was approximately $367.4 million.

The Company incurred transaction costs of $5.7 million in connection with the Viking Acquisition which is recorded in earnings.

The Viking Acquisition has been accounted for as a business combination using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed are recorded at the estimated fair value on the acquisition date of January 11, 2017. The allocation of the purchase price, based on management’s preliminary estimate of fair values, is as follows:

Consideration (thousands):		
Cash consideration	$	57,275
Share consideration (90,142,906 common shares)		310,092
Total consideration	$	367,367

Net Assets Acquired (thousands):		
Current assets	$	39,684
Current liabilities		(10,517)
Risk management contracts		(269)
Bank debt		(47,115)
Property, plant and equipment		479,720
Decommissioning obligations		(19,207)
Deferred tax liability		(74,929)
Net assets	$	367,367

The above amounts are estimates, which were made by management at the time of preparation of these financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized.

The fair value of property, plant and equipment has been estimated with reference to an independently prepared reserves evaluation for the acquired properties. The fair value of decommissioning obligations was initially estimated using a credit adjusted risk free rate of 8%.

Oil and natural gas revenue of $20.0 million and a net loss of $0.4 million are included in the statement of income for the Viking Acquisition properties since the closing date of January 11, 2017.

If the acquisition had occurred on January 1, 2017, the incremental oil and natural gas revenue and income recognized for the period ended March 31, 2017 and the pro forma results would have been as follows:

Period ended March 31, 2017 (thousands)	As stated	Spur Resources Ltd. Prior to acquisition	(unaudited) Pro Forma
Oil and natural gas revenue	$62,870	$2,616	$65,486
Net income (loss)	3,518	(227)	3,291

(1) This pro-forma information is not necessarily indicative of results of operations that would have resulted had the acquisition been effected on the dates indicated or the results that may be obtained in the future.

5. Property, plant and equipment:

($ thousands)	Oil and Natural gas Interests	Other Assets	Total
Cost:			
Balance at January 1, 2016	$716,388	$601	$716,989
Property acquisition	105,093	–	105,093
Cash additions	53,401	433	53,834
Decommissioning costs	28,622	–	28,622
Stock-based compensation	1,479	–	1,479
Transfer from exploration and	–	–	–
evaluation assets	1,212	–	1,212
Disposals	(7,025)	–	(7,025)
Balance at December 31, 2016	899,170	1,034	900,204
Corporate acquisition (note 4)[(1)]	480,492	–	480,492
Cash additions	59,895	221	60,116
Decommissioning costs	31,985	–	31,985
Stock-based compensation	513	–	513
Transfer from exploration and evaluation assets	3,576	–	3,576
Balance at March 31, 2017	$1,475,631	$1,255	$1,476,886
Depletion, depreciation and impairment losses:			
Balance at January 1, 2016	$235,109	$265	$235,373
Depletion and depreciation	64,494	173	64,667
Impairment loss	(1,257)	–	(1,257)
Balance at December 31, 2016	298,346	437	298,783
Depletion and depreciation	31,804	56	31,860
Balance at March 31, 2017	$330,150	$493	$330,643

	Oil and Natural gas Interests	Other Assets	Total
Carrying amounts:			
At December 31, 2016	$600,824	$597	$601,421
At March 31, 2017	$1,145,481	$762	$1,146,243

(1) Includes $0.8 million of minor property acquisitions.

The calculation of depletion at March 31, 2017 includes estimated future development costs of $552 million (December 31, 2016 – $401 million) associated with the development of the Company's proved plus probable reserves and excludes salvage value of $38.7 million (December 31, 2016 – $32.8 million).

6. Exploration and evaluation assets:

($ thousands)	Total
Cost:	
Balance at January 1, 2016	$22,083
Additions	2,985
Transfer to property, plant and equipment	(1,212)
Balance at December 31, 2016	23,856
Additions	3,605
Transfer to property, plant and equipment	(3,576)
Balance at March 31, 2017	$23,885
Amortization and impairment:	
Balance at January 1, 2016	$19,878
Amortization	760
Impairment loss	715
Balance at December 31, 2016	21,353
Amortization	197
Balance at March 31, 2017	$ 21,550

	Total
Carrying amounts:	
At December 31, 2016	$2,503
At March 31, 2017	$2,335

Exploration and evaluation ("E&E") assets consist of the Company's exploration projects which are pending the determination of proven or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period.

7. Decommissioning obligations:

The decommissioning obligations result from net ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations to be approximately $167.5 million at March 31, 2017 (December 31, 2016 – $114.3 million), which is expected to be incurred between 2017 and 2041. A risk-free rate of 2.3% (2016 – 2.3%) and an inflation rate of 2% (2016 – 2%) is used to calculate the fair value of the decommissioning obligations at March 31, 2017 as presented in the table below:

($ thousand)	**March 31, 2017**	December 31, 2016
Balance, beginning of the period	**$112,115**	$63,331
Liabilities incurred	**2,784**	1,546
Liabilities acquired (note 4)	**19,207**	20,782
Change in estimates	**–**	(5,970)
Change in discount rate on acquisition	**29,201**	33,045
Expenditures	**(201)**	(218)
Liabilities disposed	**–**	(2,097)
Accretion	**906**	1,696
Balance, end of the period	**$164,012**	$112,115

The decommissioning obligations acquired in the Spur acquisition was initially recognized using a credit adjusted risk free discount rate of 8%. It was subsequently revalued using the risk-free rate noted above resulting in the change in discount rate on acquisition in the above table with the offset to property, plant and equipment.

8. Supplemental cash flow information:

Changes in non-cash working capital consists of:

(thousands)	**2017**	2016
Source/(use of cash):		
Accounts receivable	**$(16,726)**	$629
Prepaid expenses and deposits	**(1,672)**	(34)
Accounts payable and accrued liabilities	**41,386**	(3,074)
Working capital deficiency on acquisition (note 4)	**29,167**	–
	$52,155	$(2,479)
Related to operating activities	**$(1,797)**	$3,557
Related to investing activities	**53,952**	(6,036)

Cash interest paid during the quarter was $1.4 million (December 31, 2016 $3.4 million).

9. Share capital:

At March 31, 2017, the Company was authorized to issue an unlimited number of common shares and preferred shares without nominal or par value.

On January 11, 2017, the Company issued 90.1 million common shares in connection with the Viking Acquisition (note 4).

On December 29, 2016, the Company issued 0.5 million flow-through common shares, related to Canadian exploration expenditures, at $5.00 per share for total gross proceeds of $2.5 million. Under the terms of the flow-through share agreements, the Company is required to incur the expenditures by December 31, 2017. As of March 31, 2017, the Company has incurred $2.1 million of qualifying expenditures.

10. Income (loss) per share:

The following table summarizes the net loss and weighted average shares used in calculating the net loss per share:

(thousands, except per share amounts)	**2017**	2016
Net income (loss)	**$2,290**	$(5,835)
Weighted average shares - basic	**217,655**	102,274
Weighted average shares - diluted	**219,679**	102,274
Net income (loss) per share-basic	**$ 0.01**	$(0.06)
Net income (loss) per share-diluted	**$ 0.01**	$(0.06)

Per share amounts have been calculated using the weighted average number of shares outstanding. For the three months ended March 31, 2017, 2.0 million stock options, preferred shares and restrictive stock units were included in the diluted earnings per share. For the three months ended March 31, 2016, 7.6 million stock options, preferred shares and restrictive stock units were excluded from the diluted earnings per share as they were anti-dilutive.

11. Bank debt:

The Company currently has available a revolving credit facility in the amount of $245 million and a $20 million operating facility (collectively the “Facility”) with a syndicate of lenders. The Facility, totaling $265 million, lasts for a 364 day period and will be subject to its next 364 day extension by May 25, 2018. If not extended on May 25, 2018, the Facility will cease to revolve and all outstanding balances will become repayable in one year from that extension date being May 25, 2019.

The interest rate on the Facility is determined through a pricing grid that categorizes based on a net debt to cash flow ratio. The interest rate will vary from a low of the bank's prime rate plus 1.0%, to a high of the bank’s prime rate plus 2.5%. The standby fee for the Facility will vary as per a pricing grid from a low of 0.5% to a high of 0.875% on the undrawn portion of the credit facilities. The Facility has been secured by a $550 million supplemental debenture with a floating charge over all assets. As the available lending limits of the Facility are based on the bank’s interpretation of the Company’s reserves and future commodity prices, there can be no assurance as to the amount of available facilities that will be determined at each scheduled review. The next review is presently ongoing.

At March 31, 2017, the Company had utilized the Facility in the amount of $135.5 million. As at March 31, 2017, the Company had letter of guarantees outstanding in the amount of $0.1 million against the Facility.

12. Share-based payments:

(a) Preferred share plan:

There are 1.2 million preferred shares of Tamarack Acquisition Corp. outstanding which are exchangeable into 1.1 million common shares of the Company (December 31, 2016 – 1.1 million). The preferred shares of Tamarack Acquisition Corp. are fully vested at March 31, 2017 and are exchangeable into common shares of the Company at an exchange price of $3.12 per common share. An exchange of the preferred shares is at the election of the Company under certain circumstances.

(b) Stock option plan:

Under the Company's stock option and restricted share unit plan it may grant up to 22.8 million options or restricted share units to its employees, directors and consultants of which 9.3 million options, preferred shares and restricted stock units have been issued that apply against this maximum amount. Stock options are granted at the market price of the shares at the date of grant, have a five-year term and vest one-third on each of the first, second and third anniversaries from the date of grant. There were 0.1 million options granted during the period.

The fair value of each option granted during the three months ended March 31, 2017 was estimated on the date of grant using the Black-Scholes option pricing model. The weighted average fair value and weighted average assumptions used to fair value the options are as follows:

	2017
Risk free rate (%)	**1.04**
Expected volatility (%)	**80**
Expected life (years)	**5**
Forfeiture rate (%)	**–**
Dividend ($ per share)	**–**
Fair value at grant date ($ per option)	**2.06**

The number and weighted average exercise prices of stock options under the plan are as follows:

	Number of options (thousands)	Weighted average exercise price
Outstanding, January 1, 2016	4,669	$ 3.59
Granted	945	3.44
Exercised	(16)	2.06
Expired	(271)	4.55
Outstanding, December 31, 2016	5,327	$ 3.52
Granted	100	3.10
Outstanding, March 31, 2017	**5,427**	**$ 3.51**

The following table summarizes information about stock options outstanding and exercisable at March 31, 2017:

	Options outstanding			Options exercisable	
Range of exercise price	Number outstanding (thousands)	Weighted average exercise price	Weighted average remaining contractual life (years)	Number exercisable (thousands)	Weighted average exercise price
$ 1.86 – 3.00	1,787	$2.37	1.8	1,324	$2.23
$ 3.01 – 5.00	3,174	$3.66	2.7	2,083	$3.73
$ 5.01 – 6.82	466	$6.82	2.4	311	$6.82
$ 1.86 – 6.82	**5,427**	**$3.51**	**2.4**	**3,718**	**$3.45**

(c) Restricted stock unit plan

The Company has a restricted stock unit plan that allows the board of directors to grant restricted share awards to directors, officers and employees. Subject to terms and conditions of the restricted stock unit plan, each restricted share award entitles the holder to an award value to be paid as to one-third on each of the first, second and third anniversaries of the date of grant. There were 0.2 million restricted stock units granted during the period.

For the purpose of calculating share-based compensation, the fair value of each award is determined at the grant date using the closing price of the common shares. The weighted average fair value of awards granted for the three months ended December 31, 2017 was $3.26 per share award. On the date of exercise, the Company has the option of settling the award value in cash or in common shares of the Company.

The following table summarizes information about the restricted share awards:

	Number of awards (thousands)
Outstanding, January 1, 2016	1,861
Granted	1,214
Exercised	(12)
Outstanding, December 31, 2016	3,063
Granted	192
Outstanding, March 31, 2017	**3,255**
Exercisable, March 31, 2017	**746**

13. Commitments and contingencies:

(a) Commitments

The following table summarizes the Company's commitments at March 31, 2017:

($ thousands)	2017	2018	2019	2020	2021	2022	2023
Office lease	475	542	542	263	–	–	–
Flow-through shares	425	–	–	–	–	–	–
Take or pay commitments[1]	739	986	–	–	–	–	–
Rental fee[2]	3,878	5,170	5,170	5,170	5,170	3,299	714
Total	5,517	6,698	5,712	5,433	5,170	3,299	714

(1) Pipeline commitment to deliver a minimum of 300 m3/d of crude oil/condensate subject to a take-or-pay provision of $9.00/m3. The remaining term is 31 months.

(2) Rental fee of $0.3 million per month for a maximum period of 90 months starting in January 2015 relating to four facilities and rental fee of $0.1 million per month for a maximum period of 90 months starting in January 2016 relating to four facilities.

(b) Contingencies

The Company, in the normal course of operations, will occasionally become subject to a variety of legal and other claims. Management and the Company's legal counsel evaluate all claims and as necessary, access management's best estimate of costs, if any, to satisfy such claims.