

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States or to, or for the account of benefit of, "U.S. persons" (as such term is defined in Regulation S under the 1933 Act) unless an exemption from registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Northern Frontier Corp., Suite 400, 435 – 4th Avenue S.W., Calgary, Alberta, Canada, T2P 3S8 (telephone (587) 350-7231), and are also available electronically at www.sedar.com.

Preliminary Short Form Prospectus

New Issue

August 15, 2014



\$20,001,450
9,303,000 Units

Price: \$2.15 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of 9,303,000 units (the "**Units**") in the capital of Northern Frontier Corp. (the "**Corporation**" or "**Northern Frontier**") at a price of \$2.15 per Unit (the "**Offering Price**") for aggregate gross proceeds of \$20,001,450. Each Unit consists of one common share in the capital of the Corporation (a "**Unit Share**") and one common share purchase warrant of the Corporation (a "**Unit Warrant**"). Each Unit Warrant will entitle the holder thereof to purchase one common share in the capital of the Corporation (a "**Warrant Share**") at an exercise price of \$3.40 per Warrant Share at any time before 5:00 p.m. (Calgary time) on the date that is 18 months following the Closing Date (as defined herein) (the "**Warrant Expiry Time**"). The Units will separate immediately upon the closing of the Offering into Unit Shares and Unit Warrants including on the closing of the exercise of any portion of the Over-Allotment Option (as defined herein). See "Plan of Distribution". This Prospectus qualifies the distribution of the Unit Shares and Unit Warrants, the grant of the Over-Allotment Option, the distribution of the common shares of the Corporation (the "**Over-Allotment Unit Shares**") and common share purchase warrants (the "**Over-Allotment Purchase Warrants**") issuable on exercise of the Over-Allotment Option and the distribution of the Warrant Shares and the distribution of the common shares of the Corporation on the exercise of the Over-Allotment Purchase Warrants (the "**Over-Allotment Warrant Shares**").

The Unit Shares and Over-Allotment Unit Shares are collectively referred to herein as the "**Offered Shares**", the Unit Warrants and Over-Allotment Purchase Warrants are collectively referred to herein as the "**Offered Warrants**", and the Warrant Shares and Over-Allotment Warrant Shares are collectively referred to herein as the "**Offered Warrant Shares**".

The issued and outstanding common shares of the Corporation (the "**Common Shares**") are listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "FFF". The issued and outstanding Common Share purchase warrants of the Corporation (the "**Warrants**") are listed on the TSXV under the symbol "FFF.WT". On August 8, 2014, the last trading day before the date of the public announcement of the Offering, the closing price of the Common Shares on the TSXV was \$2.50 per Common Share and the closing price of the Warrants on the TSXV was \$0.05 per Warrant. On August 14, 2014, the last day on which the Common Shares traded prior to the filing of this Prospectus, the closing price of the Common Shares on the TSXV was \$2.06 per Common Share and the closing price of the Warrants on the TSXV was \$0.025 per Warrant.

The Corporation has applied to list the Offered Shares, Offered Warrants and Offered Warrant Shares on the TSXV. Listing will be subject to the Corporation fulfilling all of the requirements of the TSXV.

The Offering Price was determined by arm's length negotiation, with reference to the prevailing market price of the Common Shares on the TSXV, among the Corporation and Cormark Securities Inc., Acumen Capital Finance Partners Limited and GMP Securities L.P. (the "**Co-Lead Underwriters**") on their own behalf and on behalf of M Partners Inc. (together, the "**Underwriters**").

	Price to the Public	Underwriters' Fee⁽¹⁾	Net Proceeds to the Corporation⁽¹⁾⁽²⁾
Per Unit	\$2.15	\$0.13	\$2.02
Total Offering ⁽³⁾⁽⁴⁾	\$20,001,450	\$1,200,087	\$18,801,363

Notes:

- (1) Upon the closing of the Offering, the Corporation will pay the Underwriters a cash commission equal to 6% of the gross proceeds of the Offering (the "**Underwriters' Fee**"). See "Plan of Distribution".
- (2) Before deducting expenses of the Offering, estimated to be \$350,000, which will be paid from the general funds of the Corporation.
- (3) The Corporation has granted to the Underwriters an option (the "**Over-Allotment Option**"), exercisable at any time and from time to time, in whole or in part, commencing on the Closing Date and ending at 5:00 p.m. (Calgary time) on the date that is thirty (30) days following the Closing Date, to purchase up to an additional 1,395,450 Units at the Offering Price ("**Over-Allotment Units**") and on the same terms and conditions as the Offering, for the purposes of covering the Underwriters' over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters to acquire either: (i) Over-Allotment Units at the Offering Price; (ii) Over-Allotment Unit Shares at a price of \$2.11 per Over-Allotment Unit Share; (iii) Over-Allotment Purchase Warrants at a price of \$0.04 per Over-Allotment Purchase Warrant; or (iv) any combination of Over-Allotment Units, Over-Allotment Unit Shares and Over-Allotment Purchase Warrants, so long as the aggregate number of Over-Allotment Unit Shares and Over-Allotment Purchase Warrants that may be issued under the Over-Allotment Option does not exceed 1,395,450 Over-Allotment Unit Shares and 1,395,450 Over-Allotment Purchase Warrants. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this Prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is fully exercised, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" (before payment of expenses of the Offering estimated to be \$350,000) will be \$23,001,668, \$1,380,100 and \$21,621,568, respectively. This Prospectus qualifies for distribution the grant of the Over-Allotment Option and the issuance of the Over-Allotment Unit Shares, Over-Allotment Purchase Warrants and Over-Allotment Warrant Shares pursuant to the exercise thereof. See "Plan of Distribution".
- (4) Assuming that the Over-Allotment Option is not exercised.

The following table sets forth the number of Over-Allotment Units, Over-Allotment Unit Shares and/or Over-Allotment Purchase Warrants that may be issued by the Corporation pursuant to the Over-Allotment Option:

Underwriters' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	1,395,450 Over-Allotment Units or 1,395,450 Over-Allotment Unit Shares and/or 1,395,450 Over-Allotment Purchase Warrants	On or before 5:00 p.m. on the date that is 30 days after closing of the Offering	\$2.15 per Over-Allotment Unit \$2.11 per Over-Allotment Unit Share \$0.04 per Over-Allotment Purchase Warrant

The Underwriters, as principals, conditionally offer the Units for sale, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the Offering on behalf of the Corporation by Bennett Jones LLP and on behalf of the Underwriters by Stikeman Elliott LLP. The Units will be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the final short form prospectus.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about August 28, 2014 or such other date as the Corporation and the Underwriters may agree but not later than 42 days after the date of the receipt for the final short form prospectus (the "**Closing Date**"). Except in certain limited circumstances, including with respect to Offered Shares and Offered Warrants sold pursuant to Regulation D under the United States Securities Act of 1933, as amended (the "**1933 Act**") (and Offered Warrant Shares issuable upon conversion thereof), which will be represented by individual, definitive certificates, the Offering will be issued as a non-certificated issue or in book-entry only form as fully registered global certificates and no certificates will be issued to subscribers for any Offered Shares, Offered Warrants, or Offered Warrant Shares. A subscriber who purchases Units will receive a customer confirmation from the registered dealer from or through whom Units are purchased and who is a CDS Clearing and Depository Services Inc. ("**CDS**") participant. CDS will record the CDS participants who hold Offered Shares or Offered Warrants in accordance with the non-certificated issue or book-entry only system. See "Plan of Distribution".

The Corporation has been advised by the Underwriters, that in connection with the Offering, subject to applicable laws, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares and Warrants at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Underwriters propose to offer the Units initially at the Offering Price. After a reasonable effort has been made to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the Corporation, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the proceeds paid by the Underwriters to the Corporation. See "Plan of Distribution".

In the opinion of Bennett Jones LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriters, based on the legislation in effect on the date of this Prospectus and subject to those matters described under the heading "Eligibility for Investment", the Units are qualified investments for Exempt Plans (as defined herein).

An investment in the Units and the Offered Shares and Offered Warrants comprising the Units and the Offered Warrant Shares issuable upon exercise of the Offered Warrants is subject to certain risks that should be considered by prospective purchasers. It is important for prospective purchasers to consider the particular risk factors that may affect the securities and industry in which it is investing. Investors should carefully consider the risks described under the heading "Risk Factors" in the AIF (as defined herein) the risks identified elsewhere in this Prospectus and the documents incorporated by reference herein prior to making an investment in the Units, the Offered Shares and Offered Warrants comprising the Units and the Offered Warrant Shares issuable upon exercise of the Offered Warrants.

Investors should rely only on the information contained in or incorporated by reference in this Prospectus. The Corporation has not authorized anyone to provide investors with different information. The Corporation is not offering the Units in any jurisdiction in which the offer is not permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date of this Prospectus. Subject to the Corporation's obligations under applicable securities laws, the information contained in this Prospectus is accurate only as of the date of this Prospectus regardless of the time of delivery of this Prospectus or of any sale of the Units.

Potential investors are advised to consult their own legal counsel and other professional advisors in order to assess income tax, legal and other aspects of this investment.

The head office of the Corporation is located at Suite 400, 435 – 4th Avenue S.W., Calgary, Alberta, Canada, T2P 3S8. The registered office of the Corporation is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 4K7.

References to Northern Frontier or the Corporation also include its subsidiary entities, as the context requires.

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GENERAL MATTERS

Forward-Looking Statements

This Prospectus and the documents incorporated by reference herein contain certain forward-looking statements and forward-looking information (collectively referred to as "**forward-looking statements**") relating to, but not limited to, the Corporation's anticipated operations, financial performance, business prospects and strategies. Forward-looking statements are often (but not necessarily) identified by words such as "seek", "plan", "continue", "estimate", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "expect", "may", "anticipate", "will" or similar words (or the negative of such words) or other comparable terminology suggesting future outcomes and may include plans, expectations, opinions, or guidance that are not statements of historical fact. Information and statements contained in this Prospectus and the documents incorporated by reference herein that are not historical facts may be forward-looking statements.

In particular, this Prospectus and the documents incorporated by reference herein may contain forward-looking statements pertaining to the following:

- the closing of the Acquisition (as defined herein);
- the completion of the Offering;
- the timing of the distribution of the Units issued pursuant to the Offering;
- the expenses of the Offering;
- the use of the net proceeds from the Offering;
- the anticipated benefits of completing the Acquisition;
- the nature and timing of the growth strategy of the Corporation within the industries in which the Corporation will operate and the milestones, including projects, associated with such strategy;
- the repayment and termination of the Senior Facilities and Subordinated Facility (as defined herein);
- the terms and completion of the New Senior Facilities (as defined herein) as proposed, or at all;
- anticipated capital and other expenditures;
- oilfield services industry activity levels and the supply and demand for services in the oil sands regions south of Fort McMurray, Alberta and north of Fort McMurray, Alberta and within the three northern Canadian territories (the "**Oil Sands**");
- expectations regarding the Corporation's ability to raise capital;
- competitive conditions and expectations respecting the competitive position of the Corporation after giving effect to the Acquisition;
- treatment under governmental regulatory and taxation regimes;
- the Corporation's ability to remain in compliance with the requirements of its lenders as well as to repay its debt;
- geographical, industry and customer diversification;
- projections of market prices and costs;
- the Corporation's future operating and financial results;

- the Corporation's business objectives;
- dependence on equipment suppliers and equipment improvements;
- the availability of required supplies;
- currency exchange rates;
- expectations regarding the payment of dividends in the future;
- expectations regarding realizing deferred tax assets;
- expectations regarding working capital requirements;
- results and impact of legal proceedings involving the Corporation, or its subsidiaries;
- the timing for receipt of regulatory, governmental and stock exchange approvals; and
- operating risk and liability.

With respect to forward-looking statements contained in this Prospectus and the documents incorporated by reference herein, the Corporation has made assumptions regarding, among other things:

- the Corporation's ability to complete the Acquisition;
- the Corporation's ability to continue as a going concern;
- the timing of obtaining all required regulatory approvals and completion of the Offering;
- the supply and demand for industrial services and industry activity levels;
- the volatility of oil and natural gas commodity prices and production levels;
- the successful integration of the business of Central Water (as defined herein);
- the regulatory framework governing taxes and environmental matters in Canada;
- the Corporation's ability to realize on its growth strategies, including both identifying and acquiring new assets, and attracting new clients for its products and services;
- the ability of the Corporation to generate sufficient cash flows from operations to meet its current and future obligations;
- the Corporation's ability to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the ability of the Corporation to successfully compete in an increasingly competitive landscape;
- stable currency valuations and a sufficiently stable and healthy global economic and business environment;
- future development plans for the Corporation's assets unfolding as currently envisioned;
- future capital expenditures to be made by the Corporation;
- access to, and terms of, future sources of funding for the Corporation's capital program;
- the Corporation's future debt levels;
- the use of the net proceeds of the Offering by the Corporation; and
- the continued listing of the Common Shares and Warrants on the TSXV.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Prospectus and the documents incorporated by reference herein:

- general economic, political, market and business conditions in Canada and elsewhere;
- the demand for oilfield services and industrial services in the Oil Sands;
- volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services and industrial services generally;
- fluctuations in foreign currency exchange rates and stock market volatility;
- inability to renew existing service and supply contracts on terms favourable to the Corporation, or at all;
- competition;
- reliance on and availability of qualified operational and management personnel;
- actions by governmental authorities, including regulatory, environmental and taxation policies;
- negative cash flows;
- the availability of capital;
- the inability of the Corporation to maintain its Dividend Policy (as defined herein);
- uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; and
- the other factors considered under "Risk Factors".

Readers are cautioned that the foregoing factors are not exhaustive. Consequently, there is no representation by the Corporation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are made as of the date hereof, and the Corporation is not under any obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or

otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement and by the risk factors described in this Prospectus, and the documents incorporated by reference herein, under the heading "Risk Factors".

Conventions

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars.

Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at Suite 400, 435 – 4th Avenue S.W., Calgary, Alberta, Canada, T2P 3S8 (telephone (587) 350-7231). In addition, copies of documents incorporated by reference may be obtained from the securities commissions or similar authorities in certain provinces of Canada through the SEDAR website at www.sedar.com.

The following documents of the Corporation filed with the various securities commissions or similar authorities in certain provinces of Canada are specifically incorporated by reference into and form an integral part of this Prospectus:

1. the annual information form of the Corporation dated May 6, 2014 for the thirteen months ended December 31, 2013 (the "**AIF**");
2. the audited consolidated financial statements of the Corporation, as of December 31, 2013 and November 30, 2012, and for the thirteen months ended December 31, 2013 and the twelve months ended November 30, 2012, together with the notes thereto and the auditor's report thereon (the "**Annual Financial Statements**");
3. management's discussion and analysis of financial condition and results of operations of the Corporation dated March 20, 2014 for the thirteen months ended December 31, 2013 (the "**Annual MD&A**");
4. the unaudited condensed interim consolidated financial statements of the Corporation as at and for the three months ended March 31, 2014 and the four month period ended March 31, 2013, together with the notes thereto (the "**Interim Financial Statements**");
5. management's discussion and analysis of financial condition and results of operations of the Corporation for the three months ended March 31, 2014 (the "**Interim MD&A**");
6. the material change report of the Corporation dated August 13, 2014, relating to the announcement of the Offering;
7. the material change report of the Corporation dated May 30, 2014, relating to the acquisition of Central Water (as defined herein);
8. the business acquisition report of the Corporation dated December 11, 2013, relating to the acquisition of the NEC Group;
9. the information circular dated May 14, 2014, relating to the annual and special meeting of shareholders of the Corporation held on June 18, 2014;
10. the information circular dated March 25, 2013, relating to the annual and special meeting of shareholders of the Corporation held on April 19, 2013;
11. the information circular dated January 17, 2013, relating to the special meeting of shareholders of the Corporation held on February 15, 2013;
12. the "template version" (as defined in applicable Canadian securities laws) of the investor presentation of the Corporation, dated August 11, 2014; and
13. the "template version" (as defined in applicable Canadian securities laws) of the term sheet dated August 11, 2014.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a prospectus, including any "marketing materials" (as defined in applicable Canadian securities laws) delivered to potential investors, material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by the Corporation with the securities commissions or similar authorities in Canada after the date of this Prospectus and before the termination of this Offering, are deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Information contained in or otherwise accessed through Northern Frontier's website (www.nfcorp.ca) or any website, other than those documents incorporated by reference herein and filed on the SEDAR website, does not form part of this Offering.

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that is used by the Underwriters in connection with the Offering does not form a part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed under the Corporation's profile on SEDAR at www.sedar.com before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

NON-GAAP MEASURES

Certain supplementary measures in this Prospectus and the documents incorporated by reference herein do not have any standardized meaning as prescribed under Canadian generally accepted accounting principles ("**GAAP**") and, therefore, are considered non-GAAP measures. This Prospectus includes certain non-GAAP measures, including Adjusted EBITDA, Adjusted Net Profit (Loss), Working Capital and Funded Debt, as the Corporation believes that they are meaningful measures of its performance. In addition, the Corporation believes that: (a) these measures are commonly reported and widely used by investors; and (b) the non-GAAP measures are commonly used as an indicator of a company's cash operating performance and ability to raise and service debt. The Corporation's method of calculating these non-GAAP measures may differ from the methods used by other companies and, as a result, the non-GAAP measures presented in this Prospectus may not be comparable to other similarly titled measures disclosed by other companies. A quantitative reconciliation of these non-GAAP measures to the most closely related IFRS measure is included in the Interim MD&A and in Schedule "F" – Non-GAAP Measures.

THE CORPORATION

Northern Frontier was incorporated on October 20, 2011 as "Frontier Acquisition Corp." under the *Business Corporations Act* (Alberta) (the "**ABCA**"). Northern Frontier completed its initial public offering as a Capital Pool Company on February 13, 2012. The Common Shares were listed on the TSXV on February 13, 2012 under the symbol "FFF.P". On February 15, 2013, Northern Frontier amended its articles to change its name to "Northern Frontier Corp." and consolidate its outstanding Common Shares on a 15:1 basis. The consolidated Common Shares began trading on February 28, 2013 under the symbol "FFF.P" and the Corporation's symbol was changed to "FFF" upon the completion of the acquisition of 794522 Alberta Ltd. and its wholly-owned subsidiary NEC Contractors (2012) Inc. (the "**NEC Group**") and certain assets of CRC Open Camp & Catering Ltd. (the "**NEC Group Acquisition**"). The Warrants began trading on October 22, 2013 under the symbol "FFF.WT". The Corporation has two wholly-owned subsidiaries, NEC AssetCo Ltd. which was incorporated under the ABCA on April 1, 2013 as 1739365 Alberta Ltd. and subsequently changed its name to NEC AssetCo Ltd. in connection with its amalgamation with 794522 Alberta Ltd. on September 27, 2013, and NEC Contractors (2012) Inc. was incorporated on November 23, 2011 and became a wholly-owned subsidiary of the Corporation in connection with an internal reorganization on September 27, 2013.

Northern Frontier is a "reporting issuer" in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The head office of the Corporation is located at Suite 400, 435 – 4th Avenue S.W., Calgary, Alberta, Canada, T2P 3S8, and the

registered office of the Corporation is located at 4500 Bankers Hall East, 855 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 4K7.

BUSINESS OF THE CORPORATION

General

The Corporation provides initial capital, sustaining capital and maintenance services to large industrial energy customers in the steam assisted gravity drainage region of northeastern Alberta. Specifically, the Corporation provides civil services related to the construction and maintenance of roads, production pads, piping corridors, facility earthworks and infrastructure.

Recent Developments

Central Water Acquisition

On May 20, 2014, the Corporation and The Tofin Family Trust, The Paris Family Trust, D. Tofin Holdings Ltd., PWT Holdings Inc., 101256045 Saskatchewan Ltd., Paris Tofin and Darcy Tofin, (collectively, the "**Vendors**") and Central Water & Equipment Services Ltd. ("**Central Water**") entered into a share purchase agreement (as amended on June 27, 2014 and August 11, 2014, the "**Share Purchase Agreement**") providing for the acquisition by the Corporation of all of the issued and outstanding shares (the "**Central Water Shares**") of Central Water (the "**Acquisition**"). The aggregate consideration payable by the Corporation for the Central Water Shares is approximately \$24,135,000 which is subject to change and will be finalized on closing, and subject to an adjustment for current year growth capital expenditures made by Central Water currently estimated to be approximately \$646,000, which is subject to change and will be finalized on closing, and prior to giving effect to certain closing adjustments and contingent earn-out consideration (as adjusted, the "**SPA Purchase Price**"). The SPA Purchase Price is to be paid to the Vendors through the issuance by the Corporation of 1,860,465 Units for an aggregate deemed issue price of \$4,000,000 and the payment by the Corporation of approximately \$20,135,000 in cash, which is subject to change to account for growth capital expenditures and to the extent the New Earn Out Amount (defined below) is greater or less than \$6,865,000, and will be finalized on closing accordingly. Furthermore, the Corporation is obligated to pay the following contingent earn-out consideration: (i) cash payments (the "**New Earn Out Payments**") payable for each quarter following the closing to September 30, 2015, with each payment equal to 3.6 times the amount, if any, by which Central Water's trailing 12 month EBITDA as of each such quarter exceeds Central Water's trailing 12 month EBITDA as of July 2, 2014 or, if sufficient financial information is available at closing, July 31, 2014 (the "**Baseline EBITDA**"), to a maximum amount in aggregate equal to the amount (the "**New Earn Out Amount**") equal to 3.6 times the amount by which Baseline EBITDA is less than \$8,487,000; and (ii) a cash payment to the extent that Central Water's trailing 12 month EBITDA exceeds \$8,487,000 as of the first anniversary of the last day of the first full month following the Closing Date (which is referred to as the "**Earn Out Amount**"). See "The Acquisition", "Information Concerning Central Water" and "The Effect of the Acquisition on Northern Frontier".

Dividend Policy

On November 29, 2013, the board of directors of the Corporation (the "**Board**") approved a dividend policy (the "**Dividend Policy**") for dividends to be paid on a quarterly basis in the amount of \$0.065 per Common Share commencing in 2014. The dividend for the first quarter of 2014 was declared by the Board on March 20, 2014, in the amount of \$0.065 per Common Share. The first dividend payment was paid on April 15, 2014 to holders of record of Common Shares on April 3, 2014. On June 23, 2014 the Corporation announced that the Board had declared a dividend-in-kind for the second quarter of 2014 of 0.0191 of one common share in the capital of the Corporation per Common Share, payable on July 15, 2014 to holders of record of Common Shares on July 3, 2014.

On August 11, 2014, the Board announced a reduction in its Dividend Policy to \$0.10 per Common Share per annum, payable quarterly in the amount of \$0.025 per Common Share.

The Board will review the Dividend Policy on an ongoing basis, and may amend the policy at any time in light of the Corporation's then current financial position, profitability, cash flow, applicable legal requirements and other factors considered relevant by the Board. See "Risk Factors".

Credit Facilities

On August 1, 2014, the Corporation executed a term sheet with a Canadian chartered bank with respect to certain new credit facilities (collectively, the "**New Senior Facilities**"). The Corporation expects to establish the New Senior Facilities in conjunction with the Offering. The New Senior Facilities are expected to consist of: (a) a \$15,000,000 committed revolving credit facility; (b) a \$42,550,000 committed non-revolving term loan; (c) a \$20,000,000 committed revolving reducing term loan; (d) an uncommitted treasury risk management facility subject to a limit of \$2,000,000; and (e) an uncommitted corporate

MasterCard facility subject to a limit of \$1,000,000. The term sheet with respect to the New Senior Facilities contains customary conditions precedent to the lender entering into the New Senior Facilities. See "Description of Certain Indebtedness".

THE ACQUISITION

On May 20, 2014, the Corporation entered into the Share Purchase Agreement with Central Water and the Vendors providing for the acquisition by the Corporation of all of the issued and outstanding Central Water Shares from the Vendors. The Share Purchase Agreement was subsequently amended on July 27, 2014 and August 11, 2014.

Pursuant to the Share Purchase Agreement, the Corporation agreed to acquire all of the Central Water Shares for consideration of approximately \$24,135,000, which is subject to change and will be finalized on closing, and subject to an adjustment for current year growth capital expenditures made by Central Water currently estimated to be approximately \$646,000, which is subject to change and will be finalized on closing, and prior to giving effect to certain closing adjustments and contingent earn-out consideration. The SPA Purchase Price is to be paid to the Vendors through the issuance by the Corporation of 1,860,465 Units for an aggregate deemed issue price of \$4,000,000 and the payment by the Corporation of approximately \$20,135,000 in cash, which is subject to change and will be finalized on closing to account for growth capital expenditures and to the extent the New Earn Out Amount is greater or less than \$6,865,000. Furthermore, the Corporation is obligated to pay the following contingent earn-out consideration: (i) the New Earn Out Amount Payments; and (ii) the Earn Out Amount. The New Earn Out Amount will be placed into an escrow account on closing and will be held in escrow by an escrow agent pursuant to the terms of an escrow agreement (the "**New Earn Out Escrow Agreement**") and paid to the Vendors by the New Earn Out Payments to the extent that the conditions for payment are achieved. Any residual amount remaining following a determination of the New Earn Out Payment, if any, payable for the quarter ended September 30, 2015 will be refunded to the Corporation. Of the \$4,000,000 of Units issued to the Vendors as partial consideration, 1,441,860 Unit Shares will be held in escrow by an escrow agent pursuant to the terms of an escrow agreement (the "**Share Escrow Agreement**") and used to satisfy certain obligations of the Vendors under the Share Purchase Agreement, where applicable.

The cash portion of the SPA Purchase Price will be funded from the proceeds of the Offering and the New Senior Facilities. It is a condition precedent to the Corporation's obligations to consummate the Acquisition that the Corporation shall have raised proceeds from the Offering or otherwise obtained financing sufficient to satisfy the Corporation's obligations in respect of the Acquisition as contemplated by the Share Purchase Agreement. It is a mutual condition precedent that the parties shall have received all necessary regulatory and other third party approvals, including the conditional acceptance of the TSXV.

The obligation of the Corporation to complete the Acquisition is subject to a number of conditions, including: (a) the Corporation shall have received the New Earn Out Escrow Agreement and the Share Escrow Agreement duly executed by the Vendors and the applicable escrow agents; (b) the Corporation shall have received the Leases (as defined herein); (c) the Corporation shall have received non-competition agreements duly executed by each of the Vendors; and (d) the Corporation shall have received employment agreements entered into between Central Water and certain of the Vendors.

In addition, it is a condition of the Share Purchase Agreement that all secured creditors of Central Water shall have discharged and released any and all security and security interests held on any of the assets used in the business of Central Water and that all bank loans, lines of credit, capital leases and other forms of indebtedness (including related party advances and amounts due to shareholders) owed by Central Water to any third party (other than trade payables and accrued liabilities included in Working Capital) shall have been repaid, other than with respect to certain operating leases. The Share Purchase Agreement contains other customary conditions precedent to each party's obligations to complete the Acquisition.

The Share Purchase Agreement contains representations and warranties from the Vendors in relation to, among other things, the business of Central Water, their authority and power to transact, the validity and enforceability of the agreement against the Vendors and Central Water, and other customary matters. The Share Purchase Agreement provides that representations and warranties with respect to Central Water's business will generally survive for a period of 18 months following the closing of the Acquisition. Representations and warranties made by the Vendors with respect to certain fundamental representations will survive until 60 days after the expiration of the applicable statute of limitations and any claims based upon willful misconduct or fraud by any of the Vendors or Central Water can be brought at any time. The Share Purchase Agreement contains customary representations and warranties from the Corporation.

The Share Purchase Agreement requires the Vendors to jointly and severally indemnify and save harmless the Corporation from and against any losses which they may suffer or incur as a result of, or arising out of any non-fulfillment of any covenant or agreement or any incorrectness in or breach of any representation or warranty contained in the Share Purchase Agreement, any losses which the Corporation may suffer or incur as a result of similar matters with respect to the Share Purchase Agreement, or any incorrectness in or breach of any representation or warranty of the Vendors contained in the Share Purchase Agreement and all claims which may be made or brought against the Corporation in respect of the foregoing, in each case subject to the limitations described therein. Subject to certain exceptions, the Vendors are not liable for any individual loss arising from an inaccuracy or breach of any representation or warranty that is less than \$25,000, and are not required to indemnify the Corporation until the aggregate amount of all losses sustained by them under the Share Purchase Agreement exceeds \$100,000,

following which the Corporation is entitled to indemnification for the full amount of all such losses. The maximum aggregate liability of the Vendors for indemnification obligations under the Share Purchase Agreement is limited to the \$3,100,000 of Common Shares issued as partial consideration for the Central Water Shares and held pursuant to the Share Escrow Agreement, other than with respect to losses incurred as a result of fraud or willful misconduct or as a result of any incorrectness in or breach of any fundamental representation. The escrowed shares and any cash received in respect of such shares represent the Vendors' complete liability for any losses for which the Corporation is entitled to recover under the Share Purchase Agreement. See "Risk Factors".

The Share Purchase Agreement requires the Corporation to indemnify and save harmless the Vendors from and against any losses which they may suffer or incur as a result of, or arising out of any non-fulfillment of any covenant or agreement or any incorrectness in or breach of any representation or warranty of the Corporation, losses which the Vendors may suffer or incur.

The Share Purchase Agreement may be terminated by: (a) mutual consent of the Corporation and the Vendors; (b) by either the Corporation or the Vendors if any of the conditions in the Share Purchase Agreement for its or their respective benefit has not been fulfilled or waived at or prior to the closing date of the Acquisition; (c) by either the Corporation or the Vendors if the Acquisition does not close by 5:00 p.m. (Calgary time) on August 31, 2014; or (d) by the Corporation if any Vendor materially breaches any non-solicitation covenant.

The Acquisition will represent a "significant acquisition" to the Corporation for purposes of Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*. Accordingly, the Corporation will be required to file a business acquisition report in respect of the Acquisition.

The information regarding the Acquisition contained in this Prospectus, including the financial information and the *pro forma* financial information reflecting the *pro forma* effects of the Acquisition, has been derived in part from information provided by Central Water and other third parties.

INFORMATION CONCERNING CENTRAL WATER

Introduction

Central Water was incorporated under *The Business Corporations Act* (Saskatchewan) on December 30, 2004. Headquartered in Saskatoon, Saskatchewan with a branch office in Edmonton, Alberta, Central Water is a leading water and fluids transfer service provider in western Canada, primarily focused on the oil and natural gas and related industries. Central Water provides a skilled water management workforce that manages and executes upon the full water and fluid transfer cycle, including transportation of equipment, set-up, monitoring, work-arounds and demobilization.

For historical financial information in respect of Central Water, see Schedule "A" – Annual Financial Statements of Central Water, Schedule "B" – Interim Financial Statements of Central Water, Schedule "C" – Annual MD&A of Central Water and Schedule "D" – Interim MD&A of Central Water. For *pro forma* financial information in respect of the Corporation after giving effect to the Acquisition, see Schedule "E" – Unaudited Pro Forma Consolidated Financial Information.

Services Offered

Bulk water transport for large storage tank and pipeline hydrotesting

Central Water's primary line of business is transporting water for use in large storage tank and pipeline hydrotesting. Central Water pumps water or other test fluids into storage tanks, pipelines or other vessels designed for the containment or transportation of fluid. This process ensures the structural integrity of, and tests the maximum pressure limit of the vessel being tested. Storage tank and pipeline hydrotesting accounted for approximately 75% of Central Water's revenue for the year ended January 2, 2014.

Water transfer for remote site applications

Central Water provides temporary fluid transport services through an extensive collection of portable pipe of different lengths and types. This service is utilized in remote locations where permanent transfer solutions are not available or water or other fluids are only needed temporarily for specific projects. Central Water has set up long-distance water treatment structures for water treatment plants, construction sites, fire protection systems, mines and other applications.

Site maintenance

Site maintenance is a growing service line for Central Water wherein it manages the fluids at industrial or oil and natural gas sites. Central Water is able to pump and transfer water from natural repositories to different locations or holding vessels or to temporary containment ponds. Water or effluent can then be moved offsite through portable pipelines for disposal or collection or redistributed to the land using large big-gun type sprinklers. Central Water can also help prevent water and fluid run-off in areas that are highly sensitive to environmental impact.

Fluid and radiant heating

Natural or artificial water and liquid repositories are heated for use in the winter. Central Water provides heat solutions to be used for fracturing projects through the winter months. With equipment such as multimillion BTU heaters, Central Water is able to move water or other fluids through portable pipeline systems in below freezing temperatures. Other heating services include the prevention of freezing and ice buildup in portable pipelines and tanks during sub-zero pumping operations. Radiant heating services are also provided by circulating hot water through a grid or pipe network placed in aggregate when being used in cold weather conditions.

Fire & dust suppression and filtration services

Central Water works with its customers and partner engineering companies as needed to develop both temporary and long-term fire suppression systems. For areas with safety or health regulations, Central Water has installed fluid-based dust suppression systems.

On many projects, Central Water filters water taken from the source. The filtration processes involves the water traveling through a filtering apparatus and then through a bag filter system containing the micron size as requested by the client. Charcoal filtering can also be provided in the event that there are hydrocarbons in the water.

Revenue Growth Opportunities

Through broadening Central Water's service offerings and capitalizing on increasing capital and maintenance spending on energy infrastructure, management of Northern Frontier believes Central Water can achieve revenue growth in the following areas.

Broadened Service Offering – Site Maintenance

With increasing environmental concerns, and because of its recurring nature, Central Water has begun to focus on site maintenance. Due to the increasingly stringent environmental guidelines in the Oil Sands, management of Northern Frontier believes there are additional opportunities for Central Water to assist in site water management to prevent runoff, keep sites dry to allow ease of operations and keep operating costs down, and ultimately minimize the environmental impact of resource development. Site maintenance accounted for approximately 17% of Central Water's revenue for the year ended January 2, 2014.

New Large Storage Tanks and Pipeline

Central Water is well positioned to continue to capture market share providing water management for hydrotesting as major pipelines are approved and gathering systems and large storage tanks are built. Central Water projects that each storage tank that requires water management for hydrotesting will result in revenues to Central Water of approximately \$400,000 to \$1,500,000 depending on the volume capacity of the storage tank, the distance the fluid is moved and the time required to test the storage tank.

Rebuilds (Large Storage Tank Recertification)

There is an increasing trend in the industry for large storage tank owners to focus on storage tank rebuilds. Every 10 to 20 years, storage tanks need to be recertified, depending on the nature of the storage tank. For storage tanks to be recertified, hydrotesting is required. Central Water supplies the water management for hydrotesting and may generate revenue of approximately \$400,000 to \$1,500,000 per storage tank.

Historically, Central Water has provided water management to one or two recertification tank hydrotesting projects consisting of one to several tanks per year. Central Water expects to provide its services for several recertification projects for its current clients over the next five years.

Principal Customers

Central Water serves customers in the oil and natural gas, mining, municipal and industrial markets but in recent years has focused sales efforts towards oil and natural gas customers. Central Water's oil and natural gas clients can be further divided into industry subsectors. Its clients include energy distribution companies, exploration and production companies that operate in the Oil Sands and diversified oilfield service companies. For the years ended January 2, 2014 and 2013, Central Water's top three customers accounted for approximately 75% and 74% of Central Water's revenue, respectively.

Backlog

Lead time on projects varies from customer to customer and project to project. Generally, larger projects that are expected to span several months or projects that are actually a specific component in connection with a much larger development are scheduled with the greatest lead times. Central Water's sales team works with its key customers to identify upcoming projects and opportunities so that management can build a forecast and assess personnel and equipment needs before the projects start.

Facilities

Central Water operates from two locations. In Saskatoon, Saskatchewan, Central Water leases a 2.73 acre lot with a 16,000 square foot shop, which supports Central Water's operations and includes 2,970 square feet dedicated for office space, from D&P Tofin Holdings Ltd. pursuant to a rental contract agreement dated June 1, 2012. Upon completion of the Acquisition, the current lease will be cancelled and replaced with a new lease agreement on arm's-length commercial terms (the "**Saskatoon Lease**").

In Edmonton, Alberta, Central Water leases 2,250 square feet of office space in an industrial building from Delta Square Developments Ltd. pursuant to a rental contract agreement dated July 5, 2011 and expiring August 31, 2014. Central Water is currently building a similarly sized facility to its Saskatoon, Saskatchewan facility in Edmonton, Alberta, which is expected to be completed by the end of 2014. The new facility in Edmonton, Alberta will be leased from certain of the Vendors (which lease, together with the Saskatoon Lease, the "**Leases**").

Assets

Pumping units

Central Water has a wide range of pumping units used in different applications. Pumps represent the most significant investment cost for Central Water. The majority of Central Water's pumping units consist of centrifugal close-coupled pump models coupled to diesel engines. These units provide the most flexibility in providing maximum range pumping capabilities. Approximately ten primary pump ends are used in conjunction with approximately six engine models. Pump and engine models are matched in accordance with the requirements of a particular application. All units are skid or trailer mounted and equipped with a frame for handling and containment for protection. There is a range in capacities for the pumps of up to 5000 gallons per minute with total dynamic head capacity to approximately 500 feet or higher.

Pipe, fittings and accessories

As most service projects are temporary in nature, maximizing portability and minimizing weight of the equipment is important. Central Water utilizes light wall steel and aluminum pipe to reduce weight and facilitate portability of the equipment. Aluminum pipe is available in 2" to 12" diameters with a range of available pressure ratings. Central Water has more than 53,000 feet of victaulic pipe and more than 49,000 feet of ringlock pipe.

Because of the wide range of service conditions and applications, Central Water maintains many related pump and pipe fittings and accessories. An extensive assortment of accessories for suction and discharge assemblies is also used.

Other equipment

Central Water operates a range of support vehicles and equipment including forklifts, skid steers, telehandlers, loadalls, gators, trailers and heavy duty work trucks. Central Water has selectively self-performed certain functions such as hauling and transport services to eliminate or limit the need for third party providers and give Central Water greater operational flexibility.

Human Resources

Central Water's workforce currently comprises approximately 56 individuals. Of these, 49 are operational personnel and within the operational personnel 32 employees are field technicians. The non-operational personnel include the President, the Manager, Alberta Operations, the Controller and certain administrative support positions.

Operational staff are required to maintain all standard industry safety certifications. On most projects, proof of certification is required to be provided to the customer before employees are granted access to the project site. Employees are not required to obtain any formal field or trade certifications.

Competitive Landscape

Central Water competes in a niche sub-sector with no direct competitors that provide its full service approach. Although other players are able to provide similar services, Central Water has been successful in establishing customer relationships and then growing those relationships over time to capture and maintain market share. Central Water has been successful in being awarded contracts for significant projects, particularly for water transfer for hydrotesting and long-distance fluid transfer.

Other industry players that provide competing services include:

- Canadian Dewatering L.P. – a limited partnership owned by Mullen Group Ltd., a public company providing transportation and related services to the oil and natural gas industry and trucking and logistics services across Canada;
- CEDA International Corporation – a large privately owned industrial service provider based in Calgary, Alberta; and
- Select Energy Services, LLC – a large privately owned energy services company based in Houston, Texas.

Suppliers

Central Water's primary source of pipe is Hastings Irrigation Pipe Co. ("**Hastings Irrigation**"). Hastings Irrigation specializes in light metals products including pipe and tubing. Central Water and Hastings Irrigation have worked together since Central Water's inception. Central Water receives competitive pricing and service and believes Hastings Irrigation's products to be of high quality. Central Water and Hastings Irrigation have not entered into a formal supply agreement but have a long-standing working relationship. If necessary, Central Water could source its pipe from other suppliers.

Pumps are usually sourced through either Berkeley Pumps or Cornell Pump Company. Like Hastings Irrigation, Central Water and both of these companies have worked together for many years. Central Water receives distributor-level pricing which is extremely competitive. Central Water prefers to use these suppliers for pumps because of the quality of their products. If necessary, Central Water could source its pumps from other suppliers.

EFFECT OF THE ACQUISITION ON NORTHERN FRONTIER

The following tables set out certain financial information in respect of Northern Frontier, NEC and Central Water and certain unaudited *pro forma* consolidated financial information after giving effect to the Offering, the Acquisition and certain other adjustments. Such information should be read in conjunction with the unaudited *pro forma* consolidated financial information, including the assumptions set forth in the notes thereto, included elsewhere in this Prospectus. See "Schedule "E" – Unaudited Pro Forma Consolidated Financial Information".

The *pro forma* adjustments are based upon the assumptions described in the notes to the unaudited *pro forma* statements. The unaudited *pro forma* statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Offering and the Acquisition actually occurred at the times contemplated by the notes to the unaudited *pro forma* statements or of the results expected in future periods.

The information presented below and in the unaudited *pro forma* statements assumes completion of the Offering and the Acquisition.

Financial Information (000s, unaudited)	For the year ended December 31, 2013				
	Northern Frontier	NEC	Central Water	Pro Forma Adjustments	Combined Pro Forma ⁽¹⁾
Revenue ⁽²⁾	\$15,017	\$34,026	\$20,504	\$18,125	\$87,672
Gross profit ⁽²⁾⁽³⁾	\$3,077	\$7,003	\$11,084	\$8,736	\$29,900
as a % of revenue					34.1%
Net profit (loss) ⁽²⁾	\$(1,967)	\$1,690	\$5,823	\$(1,282)	\$4,264
Per share					\$0.19
Total Assets ⁽⁴⁾	\$75,463	-	\$13,636	\$21,189	\$110,288
Total Liabilities ⁽⁴⁾	\$43,871	-	\$5,452	\$10,583	\$59,906

Notes:

- (1) Adjusted to give effect to the Acquisition and the Offering. No adjustment has been made to reflect cost savings from operating synergies that may be realized as a result of the Acquisition.
- (2) The *pro forma* amounts give effect to the Acquisition and the Offering as if they occurred on January 1, 2013.
- (3) For *pro forma* presentation purposes, amortization expense included in Central Water's direct costs of \$1,064,000, have been reclassified to other expenses to be consistent with the Corporation's classification of amortization. See Schedule "E" – Unaudited Pro Forma Consolidated Financial Information".
- (4) As at December 31, 2013.

For the three month period ended March 31, 2014					
Financial Information (000s, unaudited)	Northern Frontier		Central Water	Pro Forma Adjustments	Combined Pro Forma ⁽¹⁾
Revenue ⁽²⁾	\$17,859	-	\$2,342	-	\$20,201
Gross profit ⁽²⁾⁽³⁾	\$4,533	-	\$823	-	\$5,356
as a % of revenue					26.5%
Net profit (loss) ⁽²⁾	\$331	-	\$9	\$(755)	\$(415)
Per share					\$(0.02)

Notes:

- (1) Adjusted to give effect to the Acquisition and the Offering. No adjustment has been made to reflect cost savings from operating synergies that may be realized as a result of the Acquisition.
- (2) The *pro forma* amounts give effect to the Acquisition and the Offering as if they occurred on January 1, 2014.
- (3) For *pro forma* presentation purposes, amortization expense included in Central Water's direct costs of \$262,000, have been reclassified to other expenses to be consistent with the Corporation's classification of amortization. See Schedule "E" – Unaudited Pro Forma Consolidated Financial Information".

The following tables set out selected additional non-GAAP financial information for the Corporation, NEC and Central Water and provides combined *pro forma* information after giving effect to the completion of the Acquisition and the Offering. These non-GAAP measures are further explained and reconciled to respective IFRS measures in Schedule "F" – Non-GAAP Measures.

For the year ended December 31, 2013					
Financial Information (000s, unaudited)	Northern Frontier	NEC	Central Water	Pro Forma Adjustments	Combined Pro Forma ⁽¹⁾
Adjusted EBITDA ⁽¹⁾	\$849	\$5,716	\$8,487	\$8,396	\$23,448
as a % of revenue					26.7%
Adjusted Net Profit (Loss) ⁽¹⁾	\$(1,411)	\$1,690	\$5,448	\$(15)	\$5,712
Per share					\$0.26
Working Capital ⁽²⁾	\$5,149	-	\$3,660	-	\$8,809
Funded Debt ⁽²⁾	\$32,723	-	\$(1,611)	\$5,300	\$36,412

Note:

- (1) See "Schedule "F" – Non-GAAP Measures".
- (2) As at December 31, 2013.

For the three month period ended March 31, 2014					
Financial Information (000s, unaudited)	Northern Frontier		Central Water	Pro Forma Adjustments	Combined Pro Forma ⁽¹⁾
Adjusted EBITDA ⁽²⁾⁽³⁾	\$3,484	-	\$268	-	\$3,752
as a % of revenue					18.6%
Adjusted Net Profit (Loss) ⁽²⁾	\$331	-	\$(85)	\$(755)	\$(509)
Per share					\$(0.02)

Notes:

- (1) Adjusted to give effect to the Acquisition and the Offering. No adjustment has been made to reflect cost savings from operating synergies that may be realized as a result of the Acquisition.
- (2) The *pro forma* amounts give effect to the Acquisition and the Offering as if they occurred on January 1, 2014 and represents *pro forma* activities for the three month period ended March 31, 2014.
- (3) See "Schedule "F" – Non-GAAP Measures".

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (the "**Preferred Shares**"). As at the date hereof, 11,434,041 Common Shares are issued and outstanding and no Preferred Shares are issued and outstanding.

Holders of Common Shares (the "**Shareholders**") are entitled: (i) to one vote per Common Share at all meetings of the Shareholders (other than meetings at which only holders of specified classes of shares are entitled to vote); (ii) to receive dividends declared by the Corporation on the Common Shares as a class, subject to the prior rights and privileges attaching to any other class of shares of the Corporation; and (iii) the right to receive (share ratably) the remaining property and assets of the Corporation upon dissolution, subject to the prior rights and privileges attaching to any other class of shares of the Corporation.

The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the Board, who may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares.

OFFERED WARRANTS

The Offered Warrants will be created and issued pursuant to a supplement to the warrant indenture dated September 12, 2013 between the Corporation and Alliance Trust Company (the "**Warrant Agent**") to be entered into by the Corporation and the Warrant Agent on the Closing Date (the warrant indenture (the "**Base Indenture**") and the supplement thereto, the "**Warrant Indenture**"). The Offered Shares and the Offered Warrants that comprise the Units will separate immediately upon issue. Each Offered Warrant will entitle the holder thereof to purchase one Warrant Share at a price of \$3.40 at any time before the Warrant Expiry Time.

The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture. The Base Indenture is available under the Corporation's profile through the SEDAR website at www.sedar.com.

The Warrant Indenture will provide for adjustment in the exercise price and number of Offered Warrant Shares and Common Shares issuable upon the exercise of the Offered Warrants and the Warrants, respectively, upon the occurrence of certain events, including the subdivision or consolidation of the outstanding Common Shares, certain distributions of Common Shares or of securities convertible into or exchangeable for Common Shares or of other securities or assets of the Corporation, certain offerings of rights, warrants or options and certain capital reorganizations. No adjustment in the exercise price or the number of Offered Warrant Shares or Common Shares issuable upon the exercise of the Offered Warrants or the Warrants, respectively, will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Offered Shares purchasable upon exercise by at least one one-hundredth of a Warrant Share or Common Share.

No fractional Common Shares or Warrant Shares will be issuable upon the exercise of any Warrants and no cash or other consideration will be paid in lieu of fractional shares. Holders of Offered Warrants and Warrants will not, by virtue of holding such Offered Warrants and Warrants, have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

From time to time, the Corporation and the Warrant Agent, without the consent of the holders of the Offered Warrants and the Warrants may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Offered Warrants or Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Offered Warrants or Warrants may only be made by "extraordinary resolution", defined in the Warrant Indenture as a resolution which is either (i) presented at a meeting of the holders of Offered Warrants and Warrants at which there are holders of Offered Warrants and Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Offered Warrants and Warrants and then passed by the affirmative vote of holders of Offered Warrants and Warrants representing not less than 66⅔% of the votes cast on such resolution, or (ii) signed by the holders of Offered Warrants representing not less than 66⅔% of the aggregate number of the then outstanding Offered Warrants and Warrants.

The Offered Warrants may not be exercised in the United States or by or on behalf of, or for the account or benefit of, a "U.S. person" (as such term is defined in Regulation S under the 1933 Act) or a person in the United States (as such term is defined in Regulation S under the 1933 Act), nor may any Offered Warrant Shares be issued upon such exercise, unless exemptions from the registration requirements of the 1933 Act and all applicable U.S. state securities laws are available, and the holder of such Offered Warrants has provided the Corporation with a written opinion of counsel or other evidence, in either case reasonably satisfactory to the Corporation, to such effect.

The TSXV has conditionally approved the listing of the Offered Warrants and the Offered Warrant Shares on the TSXV. Listing is subject to the Corporation fulfilling the applicable requirements of the TSXV.

CONSOLIDATED CAPITALIZATION OF THE CORPORATION

The following table presents the Corporation's cash and consolidated capitalization as of March 31, 2014 (a) on an actual basis, and (b) as adjusted for and after giving effect to (i) the completion of the Offering and the Corporation entering into the New Senior Facilities, and (ii) the application of the gross proceeds of the Offering, after fees and expenses, as described under "Use of Proceeds," including for financing a portion of the purchase price of the Acquisition, the repayment of drawings under the Senior Facilities and Subordinated Facility and for the payment of fees and expenses associated with the Corporation entering into the New Senior Facilities. This table is presented and should be read in conjunction with the Annual Financial Statements, the Annual MD&A, the Interim Financial Statements, the Interim MD&A and the information under the heading "Description of Certain Indebtedness", as well as the annual and interim financial statements of Central Water attached as Schedule "A" and Schedule "B" hereto, respectively, and the related annual and interim management's discussion and analysis attached as Schedule "C" and Schedule "D" hereto, respectively, and the unaudited *pro forma* consolidated financial information attached as Schedule "E" hereto.

Designation	Authorized	Outstanding as at March 31, 2014 Before Giving Effect to the Offering and the Acquisition	Outstanding as at March 31, 2014 After Giving Effect to the Offering and the Acquisition ⁽¹⁾
Common Shares ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	unlimited	\$32,483,000 (11,220,409 Common Shares)	\$54,865,000 (22,383,874 Common Shares)
Warrants	N/A	\$2,321,000 (5,115,639 Warrants)	\$2,778,000 (16,279,104 Warrants)
Options ⁽²⁾	N/A	\$2,014,000 (588,833 Options)	\$2,014,000 (588,833 Options)
Senior & Subordinated Debt ⁽⁶⁾	80,550,000 ⁽⁴⁾	\$30,910,000	\$45,223,000

Notes:

- (1) As adjusted gives effect to the completion of the Offering and the application of the net proceeds therefrom (after fees and expenses, as described under "Use of Proceeds") and the completion of the Acquisition (after estimated financing fees of \$2,164,000, associated with the Corporation entering into the New Senior Facilities).
- (2) Without giving effect to the exercise of the Over-Allotment Option, and based on the issuance of 9,303,000 Unit Shares and 9,303,000 Unit Warrants issued pursuant to the Offering for gross proceeds of \$20,001,450 less the Underwriters' Fee of \$1,200,087 and other expenses of the Offering estimated to be \$350,000 for net proceeds of \$18,451,363. If the Over-Allotment Option is exercised in full, the total gross proceeds, the Underwriters' Fee and the net proceeds to the Corporation, excluding interest, if any, earned on the proceeds and after deducting expenses of the Offering estimated to be \$350,000, will be \$23,001,668, \$1,380,100 and \$21,271,568, respectively.
- (3) Without giving effect to the issuance of any options (the "Options") to purchase Common Shares granted under the Corporation's stock option plan (the "Option Plan"). As at March 31, 2014, 588,833 Common Shares were reserved for issuance on exercise of 588,833 outstanding Options.
- (4) At March 31, 2014, the Corporation had an accumulated deficit of \$3,727,000 (on a *pro forma* basis at December 31, 2013, the Corporation had an accumulated deficit of \$7,378,000).
- (5) Without giving effect to the dividend-in-kind issued on July 15, 2014.
- (6) For a description of the Senior Facilities, Subordinated Facilities and New Senior Facilities see "Description of Certain Indebtedness" elsewhere in this Prospectus. The Senior Facilities and Subordinated Facility are expected to be repaid and terminated concurrently with the Corporation entering into the New Senior Facilities in connection with the closing of the Offering and the Acquisition, see "Description of Certain Indebtedness" elsewhere in this Prospectus.

DESCRIPTION OF CERTAIN INDEBTEDNESS

New Senior Facilities

On August 1, 2014, the Corporation executed a term sheet with respect to the New Senior Facilities. The Corporation expects to establish the New Senior Facilities on or prior to the closing of the Offering. The New Senior Facilities are expected to consist of: (a) a \$15,000,000 committed revolving credit facility; (b) a \$42,550,000 committed non-revolving term loan; (c) a \$20,000,000 committed revolving reducing term loan; (d) an uncommitted treasury risk management facility subject to a limit of \$2,000,000; and (e) an uncommitted corporate MasterCard facility subject to a limit of \$1,000,000.

Under the New Senior Facilities, the Corporation will be required to satisfy certain customary affirmative and negative covenants. The Corporation is expected to have the option to borrow under the New Senior Facilities using Canadian prime rate loans, U.S. base rate loans, LIBOR loans and/or bankers' acceptances, as applicable, as well as by way of letters of credit. The margins above prime rate, base rate, LIBOR or bankers' acceptances, as applicable, for the New Senior Facilities will be subject

to a pricing grid based on the then applicable ratio of total Senior Funded Debt to EBITDA (the "**New Margin Ratio**"). The New Senior Facilities will also provide for a standby fee calculated daily and payable quarterly to the lender calculated on the unused balance of the \$15,000,000 committed revolving credit facility and the \$20,000,000 committed revolving reducing term loan components of the New Senior Facilities at a percentage rate based on the applicable New Margin Ratio, and certain other fees relating to outstanding letters of credit. The New Senior Facilities will be secured by a first ranking security interest over all of the tangible and intangible assets of the Corporation and its existing and future subsidiaries now owned or hereafter acquired and a first ranking collateral mortgage in the amount of \$100,000,000 registered over commercial properties owned by the Corporation and its existing and future subsidiaries. The New Senior Facilities will be guaranteed by all of the existing and future subsidiaries of the Corporation.

In connection with the New Senior Facilities, the Corporation will be required to maintain certain financial covenants, which will be tested quarterly and will be determined on a consolidated trailing 12 month basis, including: (a) a maximum ratio of total Senior Funded Debt to EBITDA of 2.50:1 at the closing date; 2.75:1 following the initial drawdown; 2.50:1 by September 30, 2015; and 2.00:1 by June 30, 2016; (b) a minimum fixed charge coverage ratio of 1.25:1; and (c) a restriction on the Corporation's Dividend Policy (as defined herein) being subject to full covenant compliance and further limited to 50% of distributable cash flow. The credit agreement in respect of the New Senior Facilities (the "**New Credit Agreement**") is expected to provide for customary negative covenants which, among other things, may limit the Corporation from paying dividends to its Shareholders in certain circumstances. The New Credit Agreement is expected to also include other customary negative covenants including limitations on: amalgamations, consolidations, liquidations, the assumption of contingent liabilities, and other transactions involving the transfer of a material portion of the Corporation's assets; liens; indebtedness; use of proceeds for any acquisition that is hostile; hedging arrangements; asset dispositions; change in distribution policy and special distributions; capital expenditures; financial assistance, acquisitions and investments; and changes in the business of the Corporation. A failure to comply with any of the affirmative or negative covenants set out in the New Credit Agreement would result in an event of default which, if not cured or waived, would permit acceleration of the indebtedness pursuant to the terms of the New Credit Agreement.

Senior Facilities

The Corporation established the Senior Facilities in connection with the closing of the NEC Acquisition. The Senior Facilities consist of: (a) a \$15,000,000 extendible revolving operating loan facility; (b) a \$25,000,000 extendible revolving reducing term loan facility; (c) a \$2,000,000 reducing term loan facility; (d) a treasury risk management facility; and (e) a corporate MasterCard facility for up to \$500,000.

As at the date hereof, there is approximately \$21,000,000 drawn under the Senior Facilities. It is expected that the Senior Facilities will be repaid and terminated concurrently with the Corporation entering into the New Senior Facilities in connection with the closing of the Offering and the Acquisition. It is expected that the Corporation will be required to pay an estimated \$85,000 in prepayment penalties.

Subordinated Facility

In connection with the closing of the NEC Acquisition, the Corporation also established a \$12,000,000 five-year subordinated credit facility (the "**Subordinated Facility**"). The Subordinated Facility was made available to the Corporation pursuant to a credit agreement among the Corporation, as borrower, 1739365 Alberta Ltd. and the other direct or indirect subsidiaries of the Corporation from time to time parties thereto, as guarantors, and Royal Bank of Canada through its division, RBC Capital Partners, and Claryn Equities Inc., a company controlled by Trevor Haynes, a director of the Corporation, as lenders, dated September 27, 2013, as amended on January 31, 2014. Interest on the loan is at the rate of 14.0% per annum, payable monthly. The Subordinated Facility is subordinate to the Senior Facilities.

As at the date hereof, there is approximately \$12,000,000 drawn under the Subordinated Facility. It is expected that the Subordinated Facility will be repaid and terminated concurrently with the Corporation entering into the New Senior Facilities in connection with the closing of the Offering and the Acquisition. It is expected that the Corporation will be required to pay an estimated \$1,820,000 in prepayment penalties.

USE OF PROCEEDS

The Corporation estimates that the net proceeds from the Offering, after deducting the fees payable to the Underwriters and the other fees and expenses associated with the Offering and the Corporation entering into the New Senior Facilities, will be approximately \$18,451,363 (\$21,271,568 in the event the Over-Allotment Option is exercised in full). See "Plan of Distribution".

The following table sets out the estimated sources and uses of the proceeds of the Offering. See also "Description of Certain Indebtedness."

<i>(in 000's)</i>	Sources	Uses
Units	\$20,001	The Acquisition.....
New Senior Facilities	\$47,387	Escrowed funds ⁽¹⁾
Vendor Units	\$4,000	Repay Senior Facilities ⁽²⁾
		Repay Subordinated Facility ⁽³⁾
		Estimated fees and expenses ⁽⁴⁾
Total Sources.....	<u>\$71,388</u>	Total Uses.....
		<u>\$71,388</u>

Notes:

- (1) Funds held in escrow to fund the New Earn Out Amount. See "The Acquisition".
- (2) As at the date of this Prospectus, the aggregate principal amount outstanding under our Senior Facilities is approximately \$21,000,000. The figure for the repayment of the Senior Facilities includes an additional \$85,000 in prepayment costs. The amount outstanding under the Senior Facilities was incurred to pay for a portion of the aggregate purchase price for the NEC Group Acquisition. It is expected that the amount outstanding under the Senior Facilities will be paid down concurrently with the Corporation entering into the New Senior Facilities in connection with the closing of the Offering and the Acquisition. For more information regarding the terms of the Senior Facilities, see "Description of Certain Indebtedness."
- (3) As at the date of this Prospectus, the aggregate principal amount outstanding under our Subordinated Facility is \$12,000,000. The figure for the repayment of the Subordinated Facility includes an additional \$1,820,000 in prepayment costs. The amount outstanding under the Subordinated Facility was incurred to pay for a portion of the aggregate purchase price for the NEC Group Acquisition. It is expected that the amount outstanding under the Subordinated Facility will be repaid in full concurrently with the Corporation entering into the New Senior Facilities in connection with the closing of the Offering and the Acquisition. For more information regarding the terms of the Subordinated Facility, see "Description of Certain Indebtedness."
- (4) Includes the estimated fees and expenses associated with the Corporation entering into the New Senior Facilities, the Underwriters' commissions and expenses, and legal, accounting, agency and other fees and expenses relating to the Offering and the Corporation entering into the New Senior Facilities.

While the Corporation intends to use the net proceeds of the Offering and the exercise of the Over-Allotment Option, if any, as stated above, there may be circumstances that are not known at this time, including potential future corporate or asset acquisition opportunities, where for sound business reasons, a reallocation of such proceeds may be deemed prudent or advisable for business reasons that management believes are in the Corporation's best interests. Following completion of the Offering, there is no particular significant event or milestone that must occur for the Corporation's business objectives to be accomplished. While the Corporation believes that it has the skills and resources necessary to accomplish its stated business objectives, participation in the industrial energy services industry has a number of inherent risks. See "Risk Factors" herein.

If the Warrants are exercised, the Corporation intends to use the proceeds of such exercise for general corporate purposes. However, there can be no assurance that all or any of the Warrants will be exercised prior to their expiry.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSXV under the symbol "FFF". The following table sets out information concerning the monthly price ranges and trading volumes of the Common Shares on the TSXV for the periods indicated.

	High \$	Low \$	Volume
2013			
August.....	4.90	4.90	Nil ⁽¹⁾
September.....	4.90	4.90	Nil ⁽¹⁾
October.....	4.00	3.35	32,807
November.....	3.50	3.30	54,275
December.....	3.50	3.30	61,893
2014			
January.....	3.49	3.10	88,029
February.....	4.10	3.16	355,011
March.....	4.00	3.51	205,777
April.....	3.89	3.25	401,100
May.....	3.65	3.35	134,029
June.....	3.56	2.67	333,167
July.....	2.85	2.40	139,428
August 1 – 14 ⁽²⁾	2.58	2.00	118,461

Notes:

- (1) Trading in the Common Shares was halted by the TSXV from April 19, 2013 to October 2, 2013 as part of the Corporation's qualifying transaction process.
- (2) On August 8, 2014, the last trading day before the announcement of the Offering, the closing price of the Common Shares on the TSXV was \$2.50 per Common Share. On August 14, 2014, the last day on which the Common Shares traded prior to the filing of this Prospectus, the closing price of the Common Shares on the TSXV was \$2.06 per Common Share.

The Warrants are listed and posted for trading on the TSXV under the symbol "FFF.WT". The following table sets out information concerning the monthly price ranges and trading volumes of the Warrants on the TSXV for the periods indicated.

	High \$	Low \$	Volume
2013			
October 22 – 31 ⁽¹⁾	0.11	0.11	1,000
November.....	0.11	0.11	4,300
December.....	0.20	0.08	2,750
2014			
January.....	0.10	0.08	43,000
February.....	0.30	0.10	76,750
March.....	0.30	0.25	11,400
April.....	0.30	0.30	Nil
May.....	0.30	0.175	3,250
June.....	0.175	0.05	10,724
July.....	0.10	0.05	16,500
August 1 – 14 ⁽²⁾	0.05	0.025	20,500

Notes:

- (1) The Warrants were listed for trading on the TSXV on October 22, 2013.
- (2) On August 8, 2014, the last trading day before the announcement of the Offering, the closing price of the Warrants on the TSXV was \$0.05 per Warrant. On August 14, 2014, the last day on which the Warrants traded prior to the filing of this Prospectus, the closing price of the Warrants on the TSXV was \$0.025 per Warrant.

PRIOR SALES

During the twelve-month period prior to the date of this Prospectus, the Corporation issued: (i) an aggregate of 213,632 Common Shares on July 15, 2014 as a dividend-in-kind on the basis of 0.0191 of one Common Share for each outstanding share to Shareholders of record at the close of trading on July 3, 2014; (ii) 59,800 Common Shares at a price of \$3.00 per Common Shares upon the exercise of options (on January 10, 2014 and February 11, 2014) granted to the agent in connection with its initial public offering; (iii) 3,535,100 Common Shares and 1,767,550 Warrants on December 17, 2013 as part of a public offering of units at a price of \$3.50 per unit; (iv) 42,857 Common Shares and 21,429 Warrants on December 17, 2013 as part of a concurrent private placement of units at a price of \$3.50 per unit; (v) 3,600 Common Shares at a price of \$4.00 per Common Share upon the exercise of Warrants on October 21, 2013; (vi) 1,428,571 Common Shares and 714,286 Warrants on September 27, 2013 as partial payment of the purchase price pursuant to the NEC Group Acquisition; and (vii) 5,231,950 Common Shares and 2,615,975 Warrants on September 12, 2013 pursuant to the conversion of subscription receipts offered under the long form prospectus of the Corporation at a price of \$3.50 per subscription receipt.

Additionally, during the twelve-month period prior to the date of this Prospectus, the Corporation granted an aggregate of 498,000 Options, which were granted to certain directors, officers and employees of the Corporation, the particulars of which are set forth below:

Date of Issue	Description	Number of Common Shares Under Option	Exercise Price Per Common Share	Expiration Date
October 4, 2013	Options to purchase Common Shares	498,000	\$3.50	October 4, 2018

PROMOTERS

Bradford N. Creswell and John R. Jacobs may be considered to be Promoters of the Corporation in that they took the initiative in founding and organizing the Corporation. Each of Messrs. Creswell and Jacobs were granted 408,750 Options (27,250 post-consolidation) at an exercise price per Common Share of \$0.20 (\$3.00 post-consolidation) on February 13, 2012, and 76,000 Options at an exercise price per Common Shares of \$3.50 on October 4, 2013. See "Prior Sales".

Prior to giving effect to the Offering, Mr. Creswell is the record and beneficial owner of 92,928 Common Shares, representing less than 1% of the issued and outstanding Common Shares. Prior to giving effect to the Offering, Mr. Jacobs is the record and beneficial owner of 102,928 Common Shares, representing less than 1% of the issued and outstanding Common Shares. It is expected that upon completion of the Offering, Mr. Creswell will beneficially own directly or indirectly, or exercise control or direction over 209,207 Common Shares, representing less than 1% of the outstanding Common Shares. It is expected that upon completion of the Offering, Mr. Jacobs will beneficially own directly or indirectly, or exercise control or direction over 219,207 Common Shares, representing less than 1% of the outstanding Common Shares.

Mr. Creswell and Mr. Jacobs are also partners with the private equity firm NCA, based in Seattle, Washington, USA, which provides strategic and acquisition financing support to the Corporation pursuant to a written services agreement. The maximum annual fees paid by the Corporation to NCA pursuant to the services agreement are \$250,000, other than for any investment banking fees that may be agreed to by the Board in respect of any opportunities that may be presented to the Corporation by NCA and accepted by the Board. The services provided by NCA are not investor relations services as contemplated under the policies of the TSXV.

Except as disclosed in this Prospectus, nothing of value, including money, property, contracts, options or rights of any kind have been received or is presently contemplated to be received by Mr. Creswell and Mr. Jacobs, respectively, directly or indirectly from the Corporation or from any of its subsidiaries. In addition, except as disclosed in this Prospectus, no assets, services or other consideration has been received or is presently contemplated to be received by the Corporation or its subsidiaries from Mr. Creswell or Mr. Jacobs.

The Promoters of the Corporation reside outside of Canada. The Promoters have each appointed Bennett Jones LLP, 4500 Bankers Hall East, 855 – 2nd Street S.W., Calgary, Alberta, Canada T2P 4K7, as their agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PLAN OF DISTRIBUTION

Pursuant to the underwriting agreement among the Corporation and the Underwriters dated effective August 15, 2014 (the "**Underwriting Agreement**"), the Corporation has agreed to issue and sell the Units at the Offering Price to the Underwriters and the Underwriters have severally, and not jointly and not jointly and severally, agreed to purchase, as principals, from the Corporation such Units on the Closing Date, or such other date as may be agreed among the parties to the Underwriting Agreement not later than 42 days from the date of receipt for the final short form prospectus. Delivery of the Units is conditional upon payment on closing of \$2.15 per Unit in cash by the Underwriters to the Corporation. The Underwriting Agreement provides that the Corporation will pay the Underwriters a fee equal to 6% of the issue price (\$0.13 per Unit issued to the public), for an aggregate Underwriters' Fee payable by the Corporation of \$1,200,087, in consideration for their services in connection with the Offering. The terms of the Offering, including the Offering Price, were determined by arm's length negotiation with reference to the prevailing market price of the Common Shares on the TSXV among the Corporation and the Underwriters.

The Corporation has granted the Underwriters the Over-Allotment Option, exercisable, in whole or in part at any time commencing on the Closing Date and ending at 5:00 p.m. on the date that is 30 days following the Closing Date, to purchase up to an additional 1,395,450 Units at the Offering Price and on the same terms and conditions as the Offering for the purpose of covering the Underwriters' over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters to acquire either: (i) Over-Allotment Units at the Offering Price; (ii) Over-Allotment Unit Shares at a price of \$2.11 per Over-Allotment Unit Share; (iii) Over-Allotment Purchase Warrants at a price of \$0.04 per Over-Allotment Purchase Warrant; or (iv) any combination of Over-Allotment Units, Over-Allotment Unit Shares and Over-Allotment Purchase Warrants, so long as the aggregate number of Over-Allotment Unit Shares and Over-Allotment Purchase Warrants that may be issued under the Over-Allotment Option does not exceed 1,395,450 Over-Allotment Unit Shares and 1,395,450 Over-Allotment Purchase Warrants. If the Over-Allotment Option is exercised in full, the "Price to the Public", the "Underwriters' Fee" and the "Net Proceeds to the Corporation" (before payment of the expenses of this Offering estimated to be \$350,000) will be \$23,001,668, \$1,380,100 and \$21,621,568, respectively. The grant of the Over-Allotment Option and the issuance of the Over-Allotment Unit Shares, Over-Allotment Purchase Warrants and Over-Allotment Warrant Shares upon exercise of the Over-Allotment Option are qualified for distribution under this Prospectus. A purchaser who acquires Over-Allotment Unit Shares, Over-Allotment Purchase Warrants and Over-Allotment Warrant Shares forming any part of the Underwriters' over-allocation position acquires those Over-Allotment Unit Shares, Over-Allotment Purchase Warrants and Over-Allotment Warrant Shares under this Prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and not joint and several, and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Units that it has agreed to purchase, the other Underwriter may, but is not obligated to, purchase such Units. The Underwriters are, however, obligated to take up and pay for all Units if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters, and their affiliates, directors, officers, partners, advisors, agents and employees against certain liabilities and expenses.

The Common Shares are listed on the TSXV under the symbol "FFF" and the Warrants are listed on the TSXV under the symbol "FFF.WT". On August 8, 2014, the last trading day before the announcement of the Offering, the closing price of the Common Shares on the TSXV was \$2.50 per Common Share and the closing price of the Warrants was \$0.05 per Warrant. On August 14, 2014 the last day on which the Common Shares traded prior to the filing of this Prospectus, the closing price of the Common Shares on the TSXV was \$2.06 per Common Share and the closing price of the Warrants was \$0.025 per Warrant. The Corporation has applied to list the Offered Shares, Offered Warrants and Offered Warrant Shares qualified by this Prospectus on the TSXV. Listing will be subject to the Corporation fulfilling the applicable requirements of the TSXV.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Except in certain limited circumstances, including where a Unit Share or Warrant certificate requires the addition of a legend under applicable securities laws in the United States, the Offering will be issued as a non-certificated issue or in book-entry only form as fully registered global certificates, and no certificates will be issued to subscribers for any Offered Shares, Offered Warrants or Offered Warrant Shares. A subscriber who purchases Units will receive a customer confirmation from the registered dealer from or through whom Units are purchased and who is a CDS participant. CDS will record the CDS participants who hold Offered Shares or Offered Warrants in accordance with the non-certificated issue or book-entry only system.

Pursuant to rules and policy statements of certain securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Units ends and all stabilization arrangements relating to the Common Shares are terminated, bid for or purchase Common Shares. The foregoing restrictions are subject to certain exceptions, including: (i) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSXV in accordance with the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriters, or if the client's order was solicited, the solicitation occurred before the period of distribution as prescribed by

the rules; and (iii) a bid or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules. The Underwriters may rely on such exemptions on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. The Corporation has been advised by the Underwriters that, subject to applicable laws and in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares and Warrants at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Pursuant to the terms of the Underwriting Agreement, the Corporation has agreed that it will not, from the date hereof and ending on the date that is 90 days following the Closing Date, offer or announce the offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or securities convertible or exchangeable into Common Shares without the prior consent of the Co-Lead Underwriters, not to be unreasonably withheld, other than: (i) as contemplated by the Underwriting Agreement; (ii) pursuant to the grant of Options and/or restricted share units to directors, officers, consultants or employees of the Corporation pursuant to the Option Plan and/or restricted share unit plan of the Corporation, as applicable; (iii) the issuance of Common Shares and Warrants as consideration pursuant to the Share Purchase Agreement in connection with the Acquisition; and (iv) the issuance of Common Shares on exercise of outstanding Options granted under the Option Plan, agent's options granted in connection with the Corporation's initial public offering, on exercise of outstanding Warrants of the Corporation and on vesting of restricted share units granted under the Corporation's restricted share unit plan. The Corporation has also agreed, pursuant to the terms of the Underwriting Agreement, to cause its directors and officers to enter into undertakings in favour of the Underwriters on or before the Closing Date, agreeing, subject to certain exceptions, not to sell any Common Shares or securities exchangeable or convertible into Common Shares for a period of 90 days from the Closing Date without the Underwriters' prior written consent, such consent not to be unreasonably withheld.

The Underwriters propose to offer the Units initially at the Offering Price. After a reasonable effort has been made to sell all the Units at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the Corporation, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the proceeds paid by the Underwriters to the Corporation. The Underwriters will inform the Corporation if the Offering Price is decreased. However, in no event will the Corporation receive less than net proceeds of \$2.02 per Unit (before expenses of the Offering).

The Offering is being made in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. In addition, the Underwriters may offer the Units outside of Canada in compliance with local securities laws. The Corporation is not making an offer to sell or a solicitation of an offer to buy the Units in any jurisdiction where the offer is not permitted.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States or to, or for the account or benefit of, U.S. persons. The Units, Offered Shares, Offered Warrants and Offered Warrant Shares have not been, and will not be, registered under the 1933 Act, or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person or person in the United States, except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Underwriters have agreed that they will not offer or sell the Units within the United States, or to, or for the account or benefit of, any U.S. person or person in the United States, except that they may offer the Units to certain "accredited investors" (as such term is defined in Rule 501(a) of Regulation D under the 1933 Act) in the United States, for sale directly by the Corporation in transactions exempt from the registration requirements of the 1933 Act pursuant to Rule 506(b) of Regulation D thereunder, and in compliance with applicable state securities laws. The Underwriting Agreement provides that the Underwriters will offer and sell the Units outside the United States only in accordance with Rule 903 of Regulation S under the 1933 Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units, Offered Shares or Offered Warrants within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from such registration requirements.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to the Corporation and Stikeman Elliott LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder in force on the date hereof (together, the "**Tax Act**") provided the Common Shares are listed on a designated stock exchange (which includes the TSXV) the Units, Offered Shares and Offered Warrant Shares would, if issued on the date hereof be qualified investments under the Tax Act at a particular time for a trust governed by a registered retirement savings plan ("**RRSP**"), registered education savings plan, registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered disability savings plan and a tax-free savings account (a "**TFSA**" and collectively, "**Exempt Plans**"). The Offered Warrants would, if issued on the date hereof, be qualified investments under the Tax Act for Exempt Plans provided that (i) the Offered Warrants are listed on a designated stock exchange (which includes the TSXV), or (ii) the Common Shares are listed on a designated stock exchange (which includes the TSXV) and each person who is an annuitant, a beneficiary, an employer or a subscriber under Exempt Plans deals at arm's length (within the meaning of the Tax Act) with the Corporation. Notwithstanding that the Units, Offered Shares, Offered Warrants and Offered Warrant Shares, as the case may be, may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder or

annuitant of such plan will be subject to a penalty tax on the Units, Offered Shares, Offered Warrants and Offered Warrant Shares held if such Units, Offered Shares, Offered Warrants and Offered Warrant Shares are a "prohibited investment" for the purposes of the Tax Act for such TFSA, RRSP or RRIF. The Units, Offered Shares, Offered Warrants and Offered Warrant Shares will generally be a "prohibited investment" if the holder or annuitant: (i) does not deal at arm's length with the Corporation for the purposes of the Tax Act; or (ii) has a "significant interest" (as defined in the Tax Act) in the Corporation.

Prospective subscribers who intend to hold Offered Shares, Offered Warrants and Offered Warrant Shares in a TFSA, RRSP or RRIF are urged to consult their own tax advisors as to whether such securities would constitute a "prohibited investment".

RISK FACTORS

An investment in the Units, including the Offered Shares, Offered Warrants and Offered Warrant Shares is subject to certain risks. Prospective subscribers should carefully review and consider all other information contained and incorporated by reference in this Prospectus and in particular, the risk factors set forth at pages 29 to 36 of the AIF and pages 10 to 12 of the Interim MD&A and in any subsequently filed management's discussion and analysis of financial condition and results of operations of the Corporation that supersedes the Interim MD&A.

Risks Related to the Offering

Use of Proceeds May Differ from Those Set out in this Prospectus

The Corporation currently intends to allocate the net proceeds received from the Offering as described under "Use of Proceeds" in this Prospectus. However, management will have discretion in the actual application of the net proceeds, and may elect to allocate proceeds differently from that described in "Use of Proceeds" if it is believed it would be in the best interests of the Corporation to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

Future Sales of Common Shares or Warrants by the Corporation

The Corporation may issue additional Common Shares, Warrants or other securities convertible into Common Shares in the future, which may dilute a Shareholders' holding in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Common Shares and Preferred Shares and Shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Corporation have the discretion to determine the price and the terms of issue of further issuances of Common Shares or Warrants. Also, additional Common Shares will be issued by the Corporation on the exercise of outstanding Warrants and on the exercise of Options under the Option Plan.

Dividends

The declaration and payment of dividends in the future is not guaranteed and will be dependent on, among other things, the cash flow, results of operations and financial condition of Northern Frontier, the need for funds to finance ongoing operations, credit facility compliance and other business considerations as the Board considers relevant. In the event that the Corporation suspends its dividend it may have a material adverse effect on the market value of the Common Shares.

New Senior Facilities Risk

The amount authorized under the New Senior Facilities will be dependent on the borrowing base determined by its lenders. Northern Frontier will be required to comply with covenants under the New Senior Facilities which include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding and in the event that Northern Frontier does not comply therewith Northern Frontier's access to capital could be restricted or repayment could be required. The failure of Northern Frontier to comply with such covenants, which may be affected by events beyond Northern Frontier's control, could result in the default under the New Senior Facilities which could result in Northern Frontier being required to repay amounts owing thereunder. Even if Northern Frontier is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to Northern Frontier. If Northern Frontier is unable to repay amounts owing, the lenders under the New Senior Facilities could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of Northern Frontier's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the New Senior Facilities may, from time to time, impose operating and financial restrictions on Northern Frontier that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to Northern Frontier's securities, incurring of additional indebtedness, provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others. Northern Frontier's borrowing base is determined and re-determined by the lenders based on IFRS carrying values of trade receivables and property and equipment and other factors as

determined by the Northern Frontier's lenders. Northern Frontier's borrowing base is adjusted monthly based on the then current IFRS carrying values.

Forward-Looking Information May Prove Inaccurate

Purchasers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Risks Related to the Acquisition and Central Water

The Corporation may fail to realize on the anticipated benefits of the Acquisition.

The Corporation is proposing to complete the Acquisition to create the opportunity to realize certain benefits including, among other things, anticipated growth opportunities. Achieving the benefits of the Acquisition and future acquisitions the Corporation may complete, depends in part on successfully consolidating functions and integrating operations procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those that currently exist in the Corporation. The integration of the business being acquired through the Acquisition requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisition and future acquisitions.

The Corporation has limited recourse against the Vendors in the event that it suffers damages as a result of breach of representation or warranty by the Vendors or non-performance of a covenant in the Share Purchase Agreement.

The Share Purchase Agreement provides that the maximum aggregate liability of the Vendors for indemnification obligations under the Share Purchase Agreement is limited to \$3.1 million of Common Shares issued as partial consideration for the Central Water Shares, other than with respect to losses incurred as a result of fraud or willful misconduct or as a result of any incorrectness in or breach of any fundamental representation.

If the market price of the Common Shares declines following the completion of the Offering, then the value of the Common Shares available for indemnification purposes will correspondingly decline. In the event the Corporation seeks indemnification from the Vendors, there can be no assurances that the value of such Common Shares will be sufficient to adequately compensate the Corporation for the losses it has suffered. As a result, the market value of the Common Shares may decline, and such decline may be material.

The Corporation may experience unexpected costs or liabilities related to the Acquisition.

Although the Corporation conducted what it believed to be a prudent and thorough level of investigation in connection with the Acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, Central Water. Following the Acquisition, the Corporation may discover that it has acquired substantial undisclosed liabilities. The existence of undisclosed liabilities or the Corporation's inability to retain existing Central Water customers or employees could have a material adverse impact on the Corporation's business, financial condition, results of operations and cash flows.

The profitability of Central Water currently depends on relationships with major customers and a loss of one or more major customers could have a material adverse affect on the profitability of the business of Central Water (and the Corporation, following completion of the Acquisition).

The top three customers of Central Water accounted for approximately 32%, 32%, and 11%, respectively, of Central Water's revenue for the year ended January 2, 2014.

There can be no assurance that the current customers will continue their relationship with Central Water. The loss of one or more major customers, or any significant decrease in services provided to a customer, prices paid or any other changes to the terms of service with customers, could have a material adverse affect on the profitability of Central Water (and the Corporation, following completion of the Acquisition), Central Water's financial results and cash flows (and the financial results and cash flows of the Corporation, following completion of the Acquisition) and the overall financial condition of Central Water (and of the Corporation, following completion of the Acquisition).

Contracts with customers of Central Water are cancellable at any time and we may not be able to maintain relationships with current customers following the Acquisition.

The business operations of Central Water depend, in part, on agreements with their customer base that are cancellable at any time by its customers. In other cases, services are provided on a one-off basis without an ongoing contract. The key factors that will determine whether a customer continues to use the services of Central Water include service quality and availability, reliability and performance of equipment, experience and technical knowledge of employees, reputation for safety and competitive prices. There can be no assurance that the relationships of Central Water with its existing customers will continue following completion of the Acquisition or thereafter, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Central Water's financial results and cash flows (and the financial results and cash flows of the Corporation, following completion of the Acquisition) and the overall financial condition of Central Water (and of the Corporation, following completion of the Acquisition).

Shortages of skilled labour, work stoppages or other labour disruptions may adversely affect the ability of Central Water to grow or provide services to its customers.

The ability of Central Water to provide high-quality services on a timely basis requires an adequate number of skilled workers such as trades people and equipment operators. Central Water may not be able to maintain an adequate skilled labour force, or the labour expenses may increase. A shortage of skilled labour would require Central Water (and the Corporation, following completion of the Acquisition) to curtail its planned internal growth or may require Central Water (and the Corporation, following completion of the Acquisition), to use less skilled labour which could adversely affect its ability to perform work.

Central Water is dependent on the activity levels of the energy industry which is cyclical in nature.

The demand for oilfield services is largely dependent on the activity levels of oil and natural gas exploration and development companies. Industry conditions are influenced by numerous factors over which Central Water and the Corporation have no control, including: the level of oil and natural gas prices and production; expectations about future oil and natural gas prices; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining production from maturing basins; the discovery of new oil and natural gas reserves; available pipeline and other oil and natural gas transportation capacity; weather conditions; global political stability, military actions, regulatory and economic conditions; the ability of oil and natural gas companies to raise capital for conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas; and technological advances in fuel economy and energy generation devices.

The level of activity in the oil and natural gas exploration and production industry is volatile. No assurance can be given that expected trends in oil and natural gas production activities will continue or that demand for oilfield services will reflect the level of activity in the industry.

Any prolonged substantial reduction in oil and/or natural gas prices would likely reduce both exploration and production levels, which in turn would reduce aggregate demand for oilfield services, which could have a material adverse effect on Central Water's financial results and cash flows and the overall financial condition of Central Water and the financial condition of the Corporation.

A decline in exploration for new oil and natural gas reserves and the associated capital spending in the Oil Sands may reduce oilfield service activity which would have a material adverse effect on services that may be provided by Central Water (and the Corporation, following completion of the Acquisition).

Changes to regulations affecting the energy industry could disrupt or curtail the operations of the customers of Central Water, affecting demand for the services of Central Water.

The principal customers of Central Water are energy companies directly and indirectly involved in the development of the Oil Sands. The operations of these companies, including mining and SAGD operations in the Oil Sands, are subject to or impacted by a wide array of regulations in the jurisdictions where they operate, including those directly impacting mining and SAGD activities and those indirectly affecting their businesses, such as applicable environmental laws. As a result of changes in regulations and laws relating to the energy production industry, including the operation of mines, the operations of customers of Central Water could be disrupted or curtailed by governmental authorities. The high cost of compliance with applicable regulations may induce customers to discontinue or limit their operations, and may discourage companies from continuing development activities. As a result, demand for the services of Central Water (and the Corporation, following completion of the Acquisition) could be substantially affected by regulations adversely impacting the energy industry.

Changes to oil prices could impact the level of activity of the customers of Central Water, affecting demand for the services of Central Water.

The revenue, cash flow and earnings of Central Water are substantially dependent upon, and affected by, the level of activity associated with oil exploration and production. Both short-term and long-term trends in oil and natural gas prices affect the level of such activity. Worldwide military, political and economic events, including initiatives by OPEC, may affect both the demand for, and the supply of, oil and natural gas. Weather conditions, governmental regulation, levels of consumer demand, the availability of pipeline capacity, and other factors beyond Central Water's control may also affect the supply of and demand for oil and natural gas and lead to future price volatility.

Management of the Corporation believes that any prolonged reduction in oil prices would depress the level of exploration and production activity, which would likely result in a corresponding decline in the demand for the services of Central Water (and the Corporation, following the completion of the Acquisition), and could have a material adverse effect on revenues, cash flows and profitability. Lower oil prices could also cause customers of Central Water (and the Corporation, following the completion of the Acquisition), to seek to terminate, renegotiate or fail to honour contracts, affecting the fair market value of the assets of Central Water after completion of the Acquisition, which in turn, could trigger a write-down for accounting purposes, affect the ability of Central Water (and the Corporation, following the completion of the Acquisition), to retain skilled personnel, and affect the ability of Central Water (and the Corporation, following the completion of the Acquisition), to obtain access to capital to finance and expand its business. The Corporation cannot guarantee that the future level of demand for the services of Central Water or future conditions in the Oil Sands and oilfield services industries will not decline.

Any decline in the price of oil, or decrease in the demand for oil, may render exploration for and exploitation of unconventional sources of oil economically unviable and, in turn, reduce demand for oilfield services.

The success of Central Water is dependent on the skills of management.

The success of Central Water has been, and will likely continue to be, largely dependent on the skills and expertise of management. Additionally, sales and marketing activities of Central Water will be largely dependent on maintaining key relationships and contacts in the Oil Sands industry and upon the industry profile and reputation of Central Water (and the Corporation, following the completion of the Acquisition), and its management.

Although Northern Frontier will enter into non-competition agreements with certain members of management of Central Water upon completion of the Acquisition, such agreements only have a term of five years following the closing date of the Acquisition. Central Water does not currently carry "key man" insurance that would compensate it for the loss of any senior executives. Loss of a key member of management could have a material adverse effect on the ability of Central Water (and the ability of the Corporation, following completion of the Acquisition) to conduct normal business operations, on its financial results and cash flows and the overall financial condition of Central Water (and the financial results, cash flows and overall financial condition of the Corporation, following completion of the Acquisition).

Central Water may not be able to make improvements in operating equipment to meet customer demands.

The ability of Central Water to meet customer demands in respect of performance and cost depends upon continuous improvements in operating equipment and there can be no assurance that Central Water will be successful in its efforts in this regard or that the Corporation will have the resources available to meet this continuing demand. Failure by the Corporation to do so could have a material adverse effect on the business. No assurances can be given that competitors will not achieve technological advantages over Central Water.

Barriers to entry into the businesses of Central Water may be low and Central Water may therefore not be able to compete with its existing or potential emerging competitors.

Central Water (and the Corporation, following the completion of the Acquisition) faces competition from a variety of competitors in specific areas of its business. Although Central Water may not have direct competitors who engage in all markets in which Central Water is active, barriers to entry are low for companies who may emerge as direct competitors of Central Water. Many of Central Water's existing and potential competitors have or may have strong financial, marketing and other resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of Oil Sands and oilfield services that compete with those of Central Water (and the Corporation, following the completion of the Acquisition), or that new competitors will not enter the various markets in which Central Water (and the Corporation, following the completion of the Acquisition), is active. Also, there can be no assurance that Central Water (and the Corporation, following the completion of the Acquisition), will be able to compete successfully against any future competitors or that competition will not have a material adverse effect on the financial results and cash flows and the overall financial condition of Central Water (and the Corporation, following the completion of the Acquisition).

Central Water has not sought or obtained patent or other similar protection in respect of any tools, equipment or technology it has developed independently. Competitors may also develop similar tools, equipment and technology to those of Central Water (and the Corporation, following the completion of the Acquisition), thereby adversely affecting the competitive advantage of Central Water in one or more of its businesses. Additionally, there can be no assurance that certain tools, equipment or technology developed by Central Water may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on the financial results and cash flows and the overall financial condition of Central Water (and the Corporation, following the completion of the Acquisition).

Central Water's services may become obsolete.

Certain of Central Water's equipment or systems may become obsolete or experience a decrease in demand through the introduction of competing products and services that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be more preferable for environmental or other reasons. Central Water will need to keep current with the changing market for energy services and technological and regulatory changes. If Central Water (and the Corporation, following the completion of the Acquisition), fail to do so, this could have a material adverse effect on the financial results and cash flows and the overall financial condition of Central Water (and the Corporation, following the completion of the Acquisition).

Central Water is dependent upon its ability to source equipment and parts on a timely and cost-effective basis.

During periods of high activity of oil and natural gas exploration and development, the demand for equipment and equipment parts increases. Central Water will generally source its equipment and equipment parts from a variety of suppliers. Should suppliers of Central Water (and the Corporation, following the completion of the Acquisition), be unable to provide the necessary equipment or parts or otherwise fail to deliver equipment or parts in the quantities required on a timely basis, any resulting delays in the provision of services or in the time required to find new suppliers could have a material adverse effect on the financial results and cash flows and the overall financial condition of Central Water (and the Corporation, following the completion of the Acquisition).

Central Water is subject to operating and safety risks and its insurance may not cover certain of these risks, or insurance coverage for certain of these risks may be prohibitively expensive.

Central Water (and the Corporation, following the completion of the Acquisition), is subject to hazards inherent in the energy and services industry, such as equipment defects, malfunction and failures, and natural disasters which result in fires, vehicle accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. These risks could expose Central Water (and the Corporation, following the completion of the Acquisition), to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators.

Management of Central Water monitors the activities of Central Water for quality control and safety. However, there are no assurances that Central Water's safety procedures will always prevent such damages. Although Central Water (and the Corporation, following the completion of the Acquisition), will maintain insurance coverage management of Corporation, believe to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover the liabilities of Central Water (and the Corporation, following the completion of the Acquisition). In addition, there can be no assurance that Central Water (and the Corporation, following the completion of the Acquisition), will be able to maintain adequate insurance in the future at rates reasonable and commercially justifiable. The occurrence of a significant uninsured claim against Central Water (and the Corporation, following the completion of the Acquisition), a claim in excess of the insurance coverage limits maintained by Central Water (and the Corporation, following the completion of the Acquisition), or a claim against Central Water after (and the Corporation, following the completion of the Acquisition), at a time when Central Water (and the Corporation, following the completion of the Acquisition), is not able to obtain liability insurance, could have a material adverse effect on the ability of Central Water (and the Corporation, following the completion of the Acquisition), to conduct normal business operations, and could have a material adverse effect on the financial results and cash flows and the overall financial condition of Central Water (and the Corporation, following the completion of the Acquisition).

Central Water is subject to environmental risks.

The Canadian energy industry is regulated by a number of federal and provincial governmental bodies and agencies under a variety of complex federal and provincial legislation that sets forth numerous prohibitions and requirements, with respect to planning and approval processes related to land use, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife and the environment and the health and safety of workers. Legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used

and produced in association with certain energy and services industry operations. The legislation addresses various permits, access road construction, camp construction, installation of surface equipment, air monitoring, waste management and access to remote or environmentally sensitive areas.

Because Central Water (and the Corporation, following the completion of the Acquisition) operates under parts of this regime, they are subject to a complex and increasingly stringent array of legal requirements and potential liabilities, including with respect to the ownership and management of property, the need to obtain and comply with permits and approvals, the health and safety of employees, the handling, use, storage, disposal, intentional or accidental release, and transportation of certain substances, including hazardous materials and dangerous goods. Failure to comply with these requirements could expose Central Water (and the Corporation, following the completion of the Acquisition), to substantial potential penalties, including in relatively extreme cases, potential imprisonment. Canadian laws also generally impose potential liability on present or former owners or occupants of properties on which contamination has occurred without regard to whether such owner or occupant played a role in the original contaminating event.

Central Water (and the Corporation, following the completion of the Acquisition), will routinely deal with hazardous materials and dangerous goods, including fuel, oil, specialty fluids, sewage and other waste products. Central Water (and the Corporation, following completion of the Acquisition) will have programs to address compliance with current environmental standards, to the extent necessary, and monitor their practices concerning the handling of such environmentally hazardous materials. However, there can be no assurance of this, or that such procedures will prevent environmental damage occurring from spills of materials handled by Central Water (and the Corporation, following the completion of the Acquisition), on sites on which Central Water (and the Corporation, following the completion of the Acquisition), will provide services or the facilities of Central Water (and the Corporation, following the completion of the Acquisition).

There can be no assurance that Central Water (and the Corporation, following the completion of the Acquisition), will not be required, at some future date, to incur significant costs to comply with environmental laws, or that their operations, business, assets or cash flow will not be materially adversely affected by existing conditions or by the requirements or potential liability under current or future environmental laws.

The occurrence of any of the matters above, including new legislation or more rigorous enforcement of existing legislation may result in significant liability to Central Water (and the Corporation, following the completion of the Acquisition), which could have a material adverse affect on the financial results and cash flows and the overall financial condition of Central Water (and the Corporation, following the completion of the Acquisition).

LEGAL MATTERS AND INTEREST OF EXPERTS

Certain legal matters relating to the securities offered hereby will be passed upon on behalf of the Corporation by Bennett Jones LLP, Calgary, Alberta and on behalf of the Underwriters by Stikeman Elliott LLP, Toronto, Ontario.

As at the date hereof, the partners and associates of each of Bennett Jones LLP and Stikeman Elliott LLP, as a group, each own beneficially, directly or indirectly, less than 1% of the securities of the Corporation and its associates and affiliates.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

MNP LLP, Chartered Accountants, the Corporation's auditors and the former auditors of the NEC Group, are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Ernst & Young LLP, Chartered Accountants, the Corporation's former auditors and the auditors of Central Water, are independent of the Corporation and Central Water within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta and Institute of Chartered Accountants of Saskatchewan, respectively.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are MNP LLP, Chartered Accountants, 7th Floor, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6.

Alliance Trust Company is the registrar and transfer agent for the Common Shares and the Warrants at its principal office in Calgary, Alberta at #450, 407 – 2nd Street S.W., T2P 2Y3.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the warrants are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon exercise of the warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages or consult with a legal adviser.

SCHEDULE "A"

ANNUAL FINANCIAL STATEMENTS OF CENTRAL WATER

(attached)

CENTRAL WATER & EQUIPMENT SERVICES LTD.

FINANCIAL STATEMENTS

JANUARY 2, 2014 AND 2013

INDEPENDENT AUDITORS' REPORT

To the Directors of
Central Water & Equipment Services Ltd.

We have audited the accompanying financial statements of Central Water & Equipment Services Ltd., which comprise the balance sheets as at January 2, 2014, and January 2, 2013, and the statements of income, retained earnings and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Water & Equipment Services Ltd. as at January 2, 2014, and January 2, 2013, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

SASKATOON, SASKATCHEWAN

May 20, 2014

Ernst & Young LLP

Chartered Accountants



CENTRAL WATER & EQUIPMENT SERVICES LTD.

BALANCE SHEETS

AS AT JANUARY 2

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,991,585	\$ 2,399,554
Accounts receivable	6,150,337	2,591,977
Inventory	19,439	61,432
Prepaid expenses	<u>5,028</u>	<u>36,226</u>
	8,166,389	5,089,189
Due from related party (Note 3)	-	556,171
Equipment and leasehold improvements (Note 4)	5,469,710	4,535,014
Future income tax assets	<u>22,000</u>	<u>9,000</u>
	<u>\$ 13,658,099</u>	<u>\$ 10,189,374</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 863,587	\$ 250,229
Bonus and management remuneration payable	9,450	4,300,000
Demand loan (Note 5)	208,400	442,619
Government remittances payable	56,632	39,884
Income taxes payable	1,378,231	325,802
Due to shareholders (Note 6)	2,580,374	1,956,252
Other current liabilities	204,598	125,993
Current portion of long-term debt (Note 7)	<u>85,320</u>	<u>44,824</u>
	5,386,592	7,485,603
Long-term debt (Note 7)	<u>87,330</u>	<u>42,180</u>
	<u>5,473,922</u>	<u>7,527,783</u>
Commitments (Note 8)		
<u>SHAREHOLDERS' EQUITY</u>		
Share capital (Note 9)	200	200
Retained earnings	<u>8,183,977</u>	<u>2,661,391</u>
	<u>8,184,177</u>	<u>2,661,591</u>
	<u>\$ 13,658,099</u>	<u>\$ 10,189,374</u>

See accompanying notes

Approved by the Board

"Darcy Tofin" _____ Director _____ Director



A member firm of Ernst & Young Global Limited

CENTRAL WATER & EQUIPMENT SERVICES LTD.

STATEMENTS OF INCOME

YEARS ENDED JANUARY 2

	<u>2014</u>	<u>2013</u>
Service contract and rental revenue	\$ 20,504,259	\$ 16,874,351
Direct costs		
Amortization	1,063,795	825,015
Sub-contracts	2,224,835	1,414,484
Supplies and materials	646,393	1,106,143
Travel, meals and accommodation	1,296,650	1,156,424
Wages and benefits	<u>5,252,495</u>	<u>4,092,678</u>
	<u>10,484,168</u>	<u>8,594,744</u>
Gross profit	<u>10,020,091</u>	<u>8,279,607</u>
General and administrative expenses		
Advertising and promotion	67,723	49,054
Amortization	288,479	69,871
Bank charges	29,446	9,362
Computer expense	35,703	76,833
Insurance	104,008	150,829
Office and general	115,384	150,439
Professional fees	194,597	203,310
Rent (Note 10)	354,585	254,443
Repairs and maintenance	179,774	121,115
Telephone and utilities	99,692	89,450
Wages and benefits	<u>906,693</u>	<u>582,068</u>
	<u>2,376,084</u>	<u>1,756,774</u>
Income before undernoted items and income taxes	7,644,007	6,522,833
Gain on disposal of equipment	32,894	47,115
Interest on long-term debt	(17,997)	(30,282)
Management remuneration and bonus	<u>(9,450)</u>	<u>(4,300,000)</u>
Income before income taxes	<u>7,649,454</u>	<u>2,239,666</u>
Income tax (recovery)		
Current	1,839,868	503,281
Future	<u>(13,000)</u>	<u>4,000</u>
	<u>1,826,868</u>	<u>507,281</u>
Net income	<u>\$ 5,822,586</u>	<u>\$ 1,732,385</u>

See accompanying notes



CENTRAL WATER & EQUIPMENT SERVICES LTD.

STATEMENTS OF RETAINED EARNINGS

YEARS ENDED JANUARY 2

	<u>2014</u>	<u>2013</u>
Retained earnings, beginning of year	\$ 2,661,391	\$ 1,229,006
Net income	5,822,586	1,732,385
Dividends paid	<u>(300,000)</u>	<u>(300,000)</u>
Retained earnings, end of year	<u>\$ 8,183,977</u>	<u>\$ 2,661,391</u>

See accompanying notes



CENTRAL WATER & EQUIPMENT SERVICES LTD.

STATEMENTS OF CASH FLOWS

YEARS ENDED JANUARY 2

	<u>2014</u>	<u>2013</u>
Cash flows from (used in) operating activities		
Net income	\$ 5,822,586	\$ 1,732,385
Items not affecting cash		
Amortization	1,352,274	894,886
Future income taxes	(13,000)	4,000
Gain on disposal of equipment	(32,894)	(47,115)
Net change in non-cash working capital items:		
Accounts receivable	(3,558,360)	(727,062)
Inventory	41,993	12,205
Prepaid expenses	31,198	(29,320)
GST receivable	-	1,946
Income taxes receivable	-	16,573
Accounts payable and accrued liabilities	613,359	151,274
Bonus and management remuneration payable	(4,290,550)	1,230,000
Government remittances payable	16,748	8,272
Income taxes payable	1,052,429	325,802
Other current liabilities	78,605	84,512
	<u>1,114,388</u>	<u>3,658,358</u>
Cash flows from (used in) investing activities		
Advances to related party	-	(187,825)
Advances from related party	556,171	-
Purchase of equipment and leasehold improvements	(2,327,448)	(2,014,691)
Proceeds on disposal of equipment	73,371	121,922
	<u>(1,697,906)</u>	<u>(2,080,594)</u>
Cash flows from (used in) financing activities		
Demand loan	(234,219)	(43,482)
Advances from shareholders	624,122	695,752
Repayment of long-term debt	(45,704)	(66,856)
Proceeds of long-term debt	131,350	77,320
Dividends paid	(300,000)	(300,000)
	<u>175,549</u>	<u>362,734</u>
Net (decrease) increase in cash and cash equivalents during the year	(407,969)	1,940,498
Cash and cash equivalents, beginning of year	<u>2,399,554</u>	<u>459,056</u>
Cash and cash equivalents, end of year	<u>\$ 1,991,585</u>	<u>\$ 2,399,554</u>

See accompanying notes



CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 2, 2014 AND 2013

1. Description of business

Central Water & Equipment Services Ltd. (the "company") was incorporated under the Saskatchewan Business Corporations Act on December 30, 2004. The company mainly provides water and fluid transfer services to the oil and gas industries and some equipment rental to certain customers.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant policies are detailed as follows:

Cash equivalents

Cash equivalents consist of short term investments with an initial maturity of three months or less.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost, less accumulated amortization and are amortized using the declining balance method. On acquisitions during the year, amortization is calculated at one-half the annual rate. Annual amortization rates are as follows.

Equipment	20%
Automotive equipment	30%
Furniture and fixtures	20%
Computer equipment	30-55%
Machinery and equipment	20%

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Long-lived asset impairment

Long-lived assets, which comprise equipment and leasehold improvements, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.



CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 2, 2014 AND 2013

2. Significant accounting policies (continued)

Income taxes

The company accounts for income taxes using the future income taxes method. In providing for corporate income taxes, temporary differences between the tax basis of assets or liabilities and their carrying amounts are reflected as future income taxes. The tax rates anticipated to be in effect when these temporary differences are expected to reverse are used to calculate future income taxes. Future income tax assets are only recognized to the extent that, in the opinion of management, it is more likely than not the asset will be realized.

Revenue recognition

Revenue to provide customers with services is recognized as the services are provided on a time and materials basis in accordance with the terms and conditions of the overall contract. Rental income is recognized based on the passage of time as services are provided. Revenue is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the company.

Financial instruments

The company initially records a financial instrument at its fair value except for a related party transaction which is recorded at the carrying or exchange amount depending on the circumstances.

Transaction costs are recognized in net income in the period incurred. However, transaction costs associated with financial instruments carried at cost or amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the expected life of the instrument.

Financial assets and financial liabilities subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, due from related party, accounts payable and accrued liabilities, bonus and management remuneration payable, demand loan, government remittances payable, due to shareholders, long-term debt and other current liabilities.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected, the proceeds that could be realized from the sale of the financial asset, or the amount that could be realized by exercising the right to any collateral held to secure repayment of the asset. Such impairments can be subsequently reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Such estimates include, but are not limited to, the recoverability of accounts receivable and the useful lives of equipment and leasehold improvements.



CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 2, 2014 AND 2013

3. Due from related party

The balance due from a commonly-controlled company is unsecured, non-interest bearing with no specific terms of repayment. For the 2013 year end amount, material repayment was not expected to occur in the next fiscal year.

4. Equipment and leasehold improvements

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Equipment	\$ 2,497,852	\$ 874,304	\$ 1,601,280	\$ 580,159
Automotive equipment	1,237,859	442,143	671,275	205,252
Furniture and fixtures	8,455	4,559	8,455	4,122
Leasehold improvements	568,392	260,665	497,799	82,966
Computer equipment	59,559	34,395	56,594	25,603
Machinery and equipment	<u>5,511,013</u>	<u>2,797,354</u>	<u>4,804,915</u>	<u>2,207,202</u>
	<u>9,883,130</u>	<u>4,413,420</u>	<u>7,640,318</u>	<u>3,105,304</u>
Net book value	<u>\$ 5,469,710</u>		<u>\$ 4,535,014</u>	

5. Demand loan

Royal Bank demand loan bears interest at the bank's prime lending rate plus 1.60% and is secured by a general security agreement over all assets of the company.

6. Due to shareholders

The amounts due to shareholders are non-interest bearing and have no set terms of repayment. For the 2013 amount owing, repayment was waived for the next fiscal year.

7. Long-term debt

	<u>2014</u>	<u>2013</u>
3.00% loan, repayable in blended monthly payments of \$3,309, secured by truck, due July 2017. Net book value of truck is \$93,126	\$ 98,585	\$ -
1.99% loan, repayable in blended monthly payments of \$790, secured by truck, due July 2017. Net book value of truck is \$44,856	32,766	-



CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 2, 2014 AND 2013

7. Long-term debt (continued)

	<u>2014</u>	<u>2013</u>
0% track loader loan, repayable in monthly payments of \$2,148, secured by track loader, due February 2015. Net book value of truck is \$55,670	27,922	53,695
5.99% truck loan, repayable in blended monthly payments of \$1,375, secured by truck, due October 2014. Net book value of truck is \$16,242	13,377	28,575
5.99% truck loan, repayable in blended monthly payments of \$1,579, secured by truck, due March 2013. Net book value of truck is \$20,553	-	3,135
5.49% truck loan, repayable in blended monthly payments of \$805, secured by truck, due February 2013. Net book value of truck is \$23,055	-	1,599
	<u>172,650</u>	<u>87,004</u>
Less current portion	<u>85,320</u>	<u>44,824</u>
	<u>\$ 87,330</u>	<u>\$ 42,180</u>

Estimated principal repayments are as follows:

2015	\$ 85,320
2016	49,665
2017	37,665

8. Commitments

The company's total obligation, under various operating leases and property lease agreements, exclusive of occupancy costs, is as follows:

Payments due in each of the next five years are as follows:

2015	\$ 268,945
2016	83,890
2017	2,928
2018	2,928
2019	<u>1,464</u>
	<u>\$ 360,155</u>

Property lease commitments to related parties is \$240,000 for 2015 and \$80,000 for 2016.



CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 2, 2014 AND 2013

9. Share capital

Authorized an unlimited number of
Class A voting, common shares
Class B non-voting, common shares
Class C non-voting, common shares
Class D voting, non-cumulative, preferred shares, redeemable
and retractable at \$1 per share
Class E non-voting, preferred shares, redeemable and
retractable at \$1 per share
Class F non-voting, preferred shares, retractable at \$1 per
share

	<u>2014</u>	<u>2013</u>
Issued		
100 Class A shares	\$ 10	\$ 10
1,890 Class B shares	189	189
10 Class C shares	<u>1</u>	<u>1</u>
	<u>\$ 200</u>	<u>\$ 200</u>

10. Related party transactions

During the year, the company paid rent in the amount of \$240,000 (2013 - \$120,319) to a company related by common control. Also, during the year the company accrued management remuneration and bonus in the amount of \$nil (2013 - \$4,300,000) to entities related by common control.

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. Financial instruments

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risks on the accounts receivable from its customers and from the due from related party. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The requirement for impairment through the allowance for doubtful accounts is analysed at each reporting period on an individual customer basis, there are no amounts in the allowance for doubtful accounts for 2014 or 2013. The company has not incurred any significant bad debts in the past three years. Substantially all of the company's trade account receivables are derived from companies in the oil and gas sector. As at January 2, 2014 one customer comprised 64% of accounts receivable (2013 - 61% to a different individual customer).



CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 2, 2014 AND 2013

11. Financial instruments (continued)

Concentration risk

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The company's top 3 customers accounted for revenue of 73% (2013 - 77%) of contracting revenue. The company reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances. Furthermore, the operations of the company are economically dependent on the level of activity associated with the oil & gas industry.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and bonus and management remuneration payable.

Interest rate risk

The company is exposed to interest rate risk due to the variable rate interest on their demand loan. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

12. Subsequent events

On May 15, 2014, the company and its shareholders entered into a share purchase arrangement providing for the acquisition of all of the company's issued and outstanding shares.

In May 2014 all of the current common shareholders of the company exchanged their common shares for fixed value preferred shares and new common shares of the company. As a result of this transaction the current shareholdings of the company as of May 20, 2014 is as follows; 10 Class "A" shares, nil Class "B" shares, 1,990 Class "C" shares, nil Class "D" shares, 5,580,000 Class "E" shares, and nil Class "F" shares.



SCHEDULE "B"

INTERIM FINANCIAL STATEMENTS OF CENTRAL WATER

(attached)

CENTRAL WATER & EQUIPMENT SERVICES LTD.

INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

JULY 2, 2014

Central Water & Equipment Services Ltd.
Interim Statements of Financial Position
(Unaudited)

	<i>July,</i> 2 2014	<i>January,</i> 2 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,475,784	\$ 1,991,585
Accounts receivable	1,877,994	6,150,337
Inventory	9,627	19,439
Income taxes receivable	468,487	-
Prepaid expenses	168,088	5,028
	3,999,980	8,166,389
Non-current assets		
Equipment and leasehold improvements (Note 3)	5,546,019	5,469,710
Future income tax assets	22,000	22,000
Total assets	\$ 9,567,999	\$ 13,658,099
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 497,918	\$ 863,587
Bonus and management remuneration payable	-	9,450
Demand loan (Note 4)	-	208,400
Government remittances payable	1,272	56,632
Income taxes payable	-	1,378,231
Due to shareholders (Note 5)	1,001,696	2,580,374
Other current liabilities	169,786	204,598
Current portion of long-term debt	-	85,320
	1,670,672	5,386,592
Non-current liabilities		
Long-term debt	-	87,330
Total liabilities	1,670,672	5,473,922
Commitments (Note 6)		
EQUITY		
Share capital (Note 7)	6,927,128	200
Preferred shares (redeemable at the option of the holder for \$5,580,000, Note 7)	36	-
Retained earnings	970,163	8,183,977
	7,897,327	8,184,177
Total liabilities and equity	\$ 9,567,999	\$ 13,658,099

See accompanying notes to the financial statements

Central Water & Equipment Services Ltd.
Interim Statements of Income
(Unaudited)

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>July 2,</i>	<i>July 2,</i>	<i>July 2,</i>	<i>July 2,</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Revenue				
Service contract and rental revenue	\$ 4,168,845	\$ 7,232,343	\$ 1,827,457	\$ 5,919,469
Direct Costs				
Amortization	523,946	458,703	261,940	225,905
Equipment and vehicles costs	560,042	763,450	206,300	436,505
Supplies and materials	286,122	352,537	93,083	244,519
Travel, meals and accommodation	296,314	515,282	125,268	357,012
Wages, labour and sub-contracts	1,605,855	2,219,853	804,267	1,508,702
	3,272,279	4,309,825	1,490,858	2,772,643
Gross Profit	896,566	2,922,518	336,599	3,146,826
General and administrative expenses				
Advertising and promotion	20,234	37,733	12,631	15,189
Amortization	94,500	26,557	47,250	12,891
Bank charges	3,188	3,581	1,589	1,923
Computer expense	41,550	21,721	16,212	11,485
Insurance	37,347	23,092	17,848	7,315
Office and general	61,888	49,925	58,609	44,963
Professional fees	101,941	59,451	55,735	56,764
Rent	161,164	187,446	49,972	91,099
Repairs and maintenance	94,542	47,083	62,801	18,919
Telephone and utilities	50,164	51,951	23,736	24,774
Wages and benefits	590,330	339,950	346,883	146,177
	1,256,848	848,490	693,266	431,499
(Loss) Income before undernoted items and income taxes	(360,282)	2,074,028	(356,667)	2,715,327
Gain on disposal of equipment	20,846	-	-	-
Interest on long-term debt	(5,564)	(11,052)	(2,121)	(4,933)
(Loss) Income before income taxes	(345,000)	2,062,976	(358,788)	2,710,394
Income tax (recovery)				
Current	(58,150)	522,003	(63,090)	699,388
Future	-	-	-	-
	-	522,003	(63,090)	699,388
Net (loss) income	\$ (286,850)	\$ 1,540,973	\$ (295,698)	\$ 2,011,006

See accompanying notes to the financial statements

Central Water & Equipment Services Ltd.
Interim Statement of Cash Flows
For the six months ended July 2
(Unaudited)

	<i>July,</i>	<i>July,</i>
	2	2
	2014	2013
Cash flows from (used in) operating activities		
Net (loss) Income	\$ (286,850)	\$ 1,540,973
Items not affecting cash		
Amortization	618,446	485,260
Gain on disposal of equipment	(20,846)	-
Net change in non-cash working captial items		
Accounts receivable	4,272,343	(2,750,771)
Inventory	9,812	41,305
Prepaid expenss	(163,060)	23,692
GST receivable	-	885
Income taxes receivable/payable	(1,846,718)	521,997
Accounts payable and accrued liabilities	(365,669)	174,326
Bonus and management remuneration payable	(9,450)	(4,300,000)
Govemment remittances payable	(55,360)	39,038
Other current liabilities	(34,812)	152,868
	2,117,836	(4,070,426)
Cash flows from (used in) investing activities		
Advances from related party	-	(75,450)
Purchase of equipment and leasehold improvements	(740,309)	(1,126,226)
Proceeds from disposal of equipment	66,400	-
	(673,909)	(1,201,676)
Cash flows from (used in) investing activities		
Demand loan	(208,400)	(128,075)
Due to shareholders	(1,578,678)	2,983,193
Repayment of long-term debt	(172,650)	(25,106)
	(1,959,728)	2,830,012
Net decrease in cash and cash equivalents during the period	(515,801)	(2,442,090)
Cash and cash equivalents, beginning of the period	1,991,585	2,399,554
Cash and cash equivalents, end of period	\$ 1,475,784	\$ (42,536)
See accompanying notes to the financial statements		

Central Water & Equipment Services Ltd.
Interim Statement of Retained Earnings
For the six months ended July 2
(Unaudited)

		July,		July,
		2		2
		2014		2013
Retained earnings, beginning of period	\$	8,183,977	\$	2,661,391
Net (loss) income		(286,850)		1,540,973
Transfer to stated capital (Note 7)		(6,926,964)		-
Retained earning, end of period	\$	970,163	\$	4,270,513

See accompanying notes to the financial statements

CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JULY 2, 2014 AND 2013

(Unaudited)

1. Description of business

Central Water & Equipment Services Ltd. (the "company") was incorporated under the Saskatchewan Business Corporations Act on December 30, 2004. The company mainly provides water and fluid transfer services to the oil and gas industries and some equipment rental to certain customers.

2. Significant accounting policies

These interim financial statements are prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") and follow the same accounting principles and methods of application as the most recent annual financial statements. The significant policies are detailed as follows:

Cash equivalents

Cash equivalents consist of short term investments with an initial maturity of three months or less.

Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost, less accumulated amortization and are amortized using the declining balance method. On acquisitions during the period, amortization is calculated at one-half the annual rate. Amortization rates are as follows.

Equipment	20%
Automotive equipment	30%
Furniture and fixtures	20%
Computer equipment	30-55%
Machinery and equipment	20%

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Long-lived asset impairment

Long-lived assets, which comprise equipment and leasehold improvements, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JULY 2, 2014 AND 2013

(Unaudited)

2. Significant accounting policies (continued)

Revenue recognition

Revenue to provide customers with services is recognized as the services are provided on a time and materials basis in accordance with the terms and conditions of the overall contract. Rental income is recognized based on the passage of time as services are provided. Revenue is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the company.

Financial instruments

The company initially records a financial instrument at its fair value except for a related party transaction which is recorded at the carrying or exchange amount depending on the circumstances.

Transaction costs are recognized in net income in the period incurred. However, transaction costs associated with financial instruments carried at cost or amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the expected life of the instrument.

Financial assets and financial liabilities subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, due from related party, accounts payable and accrued liabilities, bonus and management remuneration payable, demand loan, government remittances payable, due to shareholders, long-term debt and other current liabilities.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected, the proceeds that could be realized from the sale of the financial asset, or the amount that could be realized by exercising the right to any collateral held to secure repayment of the asset. Such impairments can be subsequently reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Such estimates include, but are not limited to, the recoverability of accounts receivable and the useful lives of equipment and leasehold improvements.

CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JULY 2, 2014 AND 2013

(Unaudited)

3. Equipment and leasehold improvements

	July 2, 2014		January 2, 2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	3,100,731	1,008,062	2,497,852	874,304
Automotive equipment	1,257,988	468,323	1,237,859	442,143
Furniture and fixtures	8,455	5,059	8,455	4,559
Leasehold improvements	568,392	349,665	568,392	260,665
Computer equipment	48,962	28,798	59,559	34,395
Machinery and equipment	5,518,941	3,097,542	5,511,013	2,797,354
	10,503,469	4,957,450	9,883,130	4,413,420
Net book value	5,546,019		5,469,710	

4. Demand loan

Royal Bank demand loan bears interest at the bank's prime lending rate plus 1.60% and is secured by a general security agreement over all assets of the company.

5. Due to shareholders

The amounts due to shareholders are non-interest bearing and have no set terms of repayment.

6. Commitments

The company's total obligation, under various operating leases and property lease agreements, exclusive of occupancy costs, is as follows:

Payments due in each of the next five years are as follows:

2015	268,945
2016	83,890
2017	2,928
2018	2,928
2019	1,464
	<u>360,155</u>

Property lease commitments to related parties is \$240,000 for 2015 and \$80,000 for 2016.

CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JULY 2, 2014 AND 2013

(Unaudited)

7. Share capital

During the period, the current common shareholders of the company exchanged their common shares for fixed value preferred shares and new common shares of the company. As a result of this transaction the current shareholdings of the company as of July 2, 2014 is as follows; 10 Class "A" shares, 1,990 Class "C" shares, and 5,580,000 Class "E" preferred shares. The Class "E" preferred shares are redeemable at the option of the holder at issue price of \$1 per share.

In addition, the shareholders voted to increase the stated capital of Class A and Class B common shares to \$34,636 and \$6,892,492, respectively, through a transfer of safe income from retained earnings. This transfer has been recorded as a dividend for accounting purposes.

8. Related party transactions

During the 6 month period, the company paid rent in the amount of \$120,000 (2013 - \$120,000) to a company related by common control. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Financial instruments

Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risks on the accounts receivable from its customers and from the due from related party. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The requirement for impairment through the allowance for doubtful accounts is analysed at each reporting period on an individual customer basis, there are no amounts in the allowance for doubtful accounts for 2014 or 2013. The company has not incurred any significant bad debts in the past three years. Substantially all of the company's trade account receivables are derived from companies in the oil and gas sector. As at July 2, 2014 one customer comprised 63% of accounts receivable (January 2, 2014 - 71% to a different individual customer).

Concentration risk

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The company's top 3 customers accounted for revenue of 90% (July 2, 2013 - 95%) of contracting revenue. The company reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances. Furthermore, the operations of the company are economically dependent on the level of activity associated with the oil & gas industry.

CENTRAL WATER & EQUIPMENT SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS

JULY 2, 2014 AND 2013

(Unaudited)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and bonus and management remuneration payable.

Interest rate risk

The company is exposed to interest rate risk due to the variable rate interest on their demand loan. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

SCHEDULE "C"

ANNUAL MD&A OF CENTRAL WATER

(attached)

Central Water & Equipment Services Ltd.

Management's Discussion & Analysis

For the years ended January 2, 2014 and 2013

The following management's discussion and analysis ("**MD&A**") for Central Water & Equipment Services Ltd. ("**Central Water**") financial condition, results of operations and cash flows for the years ended January 2, 2014 and 2013 should be read in conjunction with the Central Water's audited financial statements and related notes contained therein for the years ended January 2, 2014 and 2013. The audited financial statements and MD&A have been prepared in Canadian dollars, in accordance with Accounting Standards for Private Enterprises ("**ASPE**"). This MD&A was prepared effective May 20, 2014.

Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements based on certain expectations, projections and assumptions. This information is subject to a number of risks and uncertainties, many of which are beyond Central Water's control. Users of this information are cautioned that actual results may differ materially. For additional information refer to the "*Advisory Regarding Forward-Looking Statements*" section in this MD&A.

Nature of Operations

Central Water was incorporated under *The Business Corporations Act* (Saskatchewan) on December 30, 2004. The head office and main operations shop is located in Saskatoon, Saskatchewan and Central Water also has an operational branch in Edmonton, Alberta.

Central Water is a leading water and fluids transfer service provider in western Canada, primarily focused on the oil and natural gas and related industries. Central Water provides a skilled water management workforce that manages and executes upon the full water and fluid transfer cycle, including transportation of equipment, set-up, monitoring, work-arounds and demobilization. Included within Central Water's service offering are:

Storage tank and pipeline hydrotesting

Services include the transportation of large volumes of water for use in storage tank and pipeline hydrotesting.

Water transfer for remote site applications

Temporary fluid transport services through an extensive collection of portable pipe of different lengths and types. This service is utilized in remote locations where permanent transfer solutions are not available or water or other fluids are only needed temporarily for specific projects.

Site maintenance

Management of fluids at industrial or oil and natural gas sites. Services include pumping and transfer water from natural repositories to different locations or holding vessels or to temporary containment ponds. Water or effluent can then be moved offsite through portable pipelines for disposal or collection or redistributed to the land using large big-gun type sprinklers.

Fluid and radiant heating

Natural or artificial water and liquid repositories are heated for use in the winter. Services include providing multimillion BTU heaters, whereby water or other fluids are moved through portable pipeline systems in below freezing temperatures. Other heating services include the prevention of freezing and ice buildup in portable pipelines and tanks during sub-zero pumping operations. Radiant heating services are also provided by circulating hot water through a grid or pipe network placed in aggregate when being used in cold weather conditions.

Fire & dust suppression and filtration services

Services include working with customers and partner engineering companies as needed to develop both temporary and long-term fire suppression systems.

On many projects, Central Water filters water taken from the source. The filtration processes involves the water traveling through a filtering apparatus and then through a bag filter system containing the micron size as requested by the client. Charcoal filtering can also be provided in the event that there are hydrocarbons in the water.

Overview

Over the past two years Central Water has:

- generated \$20.5 million in revenue for fiscal 2014, compared to \$16.9 million for fiscal 2013;
- realized a gross profit margin of 48.9%, with \$10.0 million in gross profit, for fiscal 2014, compared to a gross profit margin of 49.1%, with \$8.3 million in gross profit, for fiscal 2013;
- generated Adjusted EBITDA of \$8.5 million (41.5% of revenue) compared to \$6.9 million (41.0% of revenue) in fiscal 2014 and 2013, respectively; and
- Earned a net income of \$5.8 million in fiscal 2014, compared to \$1.7 million for fiscal 2013.

Selected Annual Information

The following selected financial data is derived from the audited consolidated financial statements of Central Water prepared in accordance with ASPE.

in \$000's, except as noted	Year ended January 2, 2014	Year ended January 2, 2013	Year ended January 2, 2012 (unaudited)
Revenue	\$20,504	\$16,874	\$9,607
Gross profit	\$10,020	\$8,280	\$5,206
Net income	\$5,823	\$1,732	\$624
Total assets	\$13,658	\$10,189	\$6,294
Working capital ⁽¹⁾	\$3,660	\$1,947	\$1,793
Indebtedness (net of cash and short-term investments)	\$(1,611)	\$(1,870)	\$103
Long-term debt	\$173	\$87	\$77
Earnings per share	\$2,912	\$866	\$312
Common shares outstanding	2,000	2,000	2,000

Notes:

(1) Refer to the "Non-GAAP Measures and Reconciliations" section of this MD&A for further details.

Revenue has increased over the periods as a direct result of the project demands of Central Water's customers. Gross profit and net profit have also increased in relative direct correlation to revenue.

As operational activities have increased over the past three years, Working Capital has increased primarily through an increase in trade receivables and partially offsetting trade payables.

Results of Operations

Gross Profit

in \$000's, except as noted	Year ended Jan 2, 2014	Change	Year ended Jan 2, 2013
Revenue	\$20,504	22%	\$16,874
Direct costs	\$10,484		\$8,595
Gross profit	\$10,020		\$8,280
% of revenue	48.9%		49.1%

The increase in revenue over the fiscal periods is a direct result of the project demands of Central Water's customers. In discussions with key customers, Central Water expects that the project demand from these customers will continue for the foreseeable future; however, specific timing of the projects may move to meet customer needs, if the projects proceed at all. For the fiscal periods presented, the revenue from these key customers as a percentage of total revenue generated by Central Water were:

As a % of total revenue	Year ended Jan 2, 2014	Year ended Jan 2, 2013
Customer 1.....	32%	55%
Customer 2.....	33%	10%
Customer 3.....	11%	9%
Other	24%	26%

The gross profit margin has remained consistent at approximately 49 percent. For the fiscal periods presented the primary components of direct costs and their respective percentage of total direct costs were:

As a % of total direct costs	Year ended Jan 2, 2014	Year ended Jan 2, 2013
Labour and subcontract costs.....	50%	48%
Sub-contracts costs	21%	16%
Travel, meals and accommodation	13%	13%
Amortization.....	10%	10%
Supplies and materials	6%	13%

Year-over-year, Central Water's reliance on subcontractors has increased as a percentage of total direct costs, as Central Water has had to rely on third parties to meet its customer demands.

General and Administrative Expenses

in \$000's, except as noted	Year ended Jan 2, 2014	Change	Year ended Jan 2, 2013
G&A	\$2,376	(35)%	\$1,757
<i>As a % of revenue</i>	<i>11.6%</i>		<i>10.4%</i>

General and administrative expenses ("G&A") have increased relatively proportionate to the growth in revenue. This has been primarily driven by an increase in administrative staff required to handle the increased volume of administrative type tasks required to be performed. G&A was \$2.4 million for fiscal 2014 compared to \$1.8 million for fiscal 2013. This represents an increase of 35 percent between the fiscal periods.

As a percentage of revenue, G&A has remained relatively consistent year-over-year at approximately 11 percent reflecting the relatively direct relationship that as activity increases, Central Water has had to increase G&A to manage the growth. Personnel and personnel related costs are the most significant expenses as they are in excess of one third of total G&A.

Interest expense

in \$000's, except as noted	Year ended Jan 2, 2014	Year ended Jan 2, 2013
Interest expense on debt	\$18	\$30
<i>As a % of average debt outstanding.....</i>	<i>4.0%</i>	<i>5.5%</i>

Interest expense includes interest paid on a demand loan and long-term debt. Interest expense has decreased fiscal year-over-year as Central Water has reduced its debt facilities outstanding. As a percentage of the average debt outstanding during the fiscal periods, interest expense has remained relatively consistent ranging from 4.0 percent to 5.5 percent as a direct reflection of the stability in the bank prime rate and related industry borrowing rates during the periods.

Management remuneration and bonus

in \$000's, except as noted	Year ended Jan 2, 2014	Year ended Jan 2, 2013
Management remuneration and bonus.....	\$9	\$4,300

As a privately held company, Central Water has distributed profits to shareholders in the form of bonuses to maximize the tax efficiencies between corporate and personal tax treatment for the shareholders. For fiscal 2014, the amount was \$9,450 as compared to \$4.3 million for fiscal 2013.

Provision for income tax – current and deferred

in \$000's, except as noted	Year ended Jan 2, 2014	Year ended Jan 2, 2013
Provision for income tax.....	\$1,827	\$507
Statutory tax rate.....	27.0%	27.0%
Effective tax rate.....	23.9%	22.6%

The income tax provisions and effective tax rates differ from the statutory rates for the respective periods primarily as a result of Central Water being a Canadian controlled private corporation ("CCPC") which has been able to claim the small business deduction available to CCPC's to reduce overall taxes paid.

Adjusted EBITDA

in \$000's, except as noted	Year ended Jan 2, 2014	Change	Year ended Jan 2, 2013
EBITDA ⁽¹⁾	\$9,020		\$3,164
Adjustments.....	\$(533)		\$3,753
Adjusted EBITDA ⁽¹⁾	\$8,487	23%	\$6,917
% of revenue	41.4%		41.0%

Note:

(1) Refer to the "Non-GAAP Measures and Reconciliations" section of this MD&A for further details.

Central Water generated Adjusted EBITDA of \$8.5 million for fiscal 2014, compared to \$6.9 million for the prior fiscal year.

On a percentage of revenue basis, Adjusted EBITDA has been relatively consistent at approximately 41% over the respective fiscal periods. The dollar increase in Adjusted EBITDA over the periods is the result of the factors detailed above.

Net income

in \$000's, except as noted	Year ended Jan 2, 2014	Change	Year ended Jan 2, 2013
Net income.....	\$5,823	236%	\$1,732
Per share	\$2,912		\$866

Net income was \$5.8 million for fiscal 2014 compared to \$1.7 million for fiscal 2013. This represents an increase of 236 percent and was the result of the factors detailed above.

Summary of Quarterly Results

Central Water is a CCPC and as such has not historically prepared quarterly financial statements. The ability for the industry Central Water operates in to function is dependent on weather conditions, whereby below freezing temperatures can negatively impact activity levels. Central Water's heating capabilities is a key differentiating factor as Central Water is able to provide services to its customer year round. As a result of Central Water's project driven revenue, activity levels can vary from quarter to quarter depending on customer demands.

Liquidity

	Year ended Jan 2, 2014	Year ended Jan 2, 2013
in \$000's, except as noted		
Cash generated by operating activities	\$1,144	\$3,658
Cash used by investing activities	\$(1,698)	\$(2,081)
Cash generated by financing activities	\$176	\$363
Working Capital, end of period	\$3,660	\$1,947

Operating Activities

During fiscal 2014, Central Water generated \$1.1 million (2013 - \$3.7 million) from operating activities. As revenue and associated expenses have increased year-over-year, respective non-cash working capital items (receivables and payables) have increased to support the growth in operations.

Working Capital has increased year-over-year to \$3.7 million at January 2, 2014 (January 2, 2013 - \$1.9 million). Working capital has been primarily supported by a demand loan and amounts due to shareholders. At January 2, 2014, \$0.2 million was outstanding on the demand loan and \$2.6 million was due to shareholders.

Central Water anticipates that it will have enough cash from operations to fund its expenses, to meet the planned growth in Central Water's business and to fund future development activities. In the event that Central Water requires additional funding, it believes that it will be able to satisfy such funding requirements through amounts due to shareholders.

Working Capital Fluctuations Effect on Liquidity

Central Water's working capital can be significantly affected by the timing of the completion of projects. In addition, seasonality of operations due to below freezing temperatures can have an effect on activity levels. Typically Central Water's business operations experience peak levels between May and November which can have an impact on working capital by increasing trade receivables.

Liquidity Risks

For a description of the liquidity risks associated with financial instruments, refer the *"Financial and Other Instruments – Liquidity Risk"* section of this MD&A.

Investing Activities

Net cash used in investing activities were directly attributed to the investment in property and equipment to capitalize on the increased demand from Central Water's customers. Further information regarding the capital additions are detailed in *"Capital Resources - Capital Expenditures"* section in this MD&A.

Financing Activities

The changes in cash for financing activities was the direct result of debt related activities to facilitate the investment in property and equipment to capitalize on the increased demand from Central Water's customers. Further information regarding the debt facilities are detailed in *"Capital Resources - Debt Facilities"* section in this MD&A.

Contractual Obligations

The following are Central Water's contractual obligations as at January 2, 2014:

in \$000's	Less than 12 months	1 - 2 years	2 - 3 years	Thereafter	Total
Accounts payable and accrued liabilities	\$864	-	-	-	\$864
Bonus and management remuneration payable.....	\$9	-	-	-	\$9
Demand loan.....	\$208	-	-	-	\$208
Government remittances payable	\$57	-	-	-	\$57
Income taxes payable.....	\$1,378	-	-	-	\$1,378
Due to shareholders	\$2,580	-	-	-	\$2,580
Other current liabilities	\$205	-	-	-	\$205
Long-term debt	\$85	\$50	\$38	-	\$173
	\$5,386	\$50	\$38	-	\$5,474

In addition to the above, Central Water has entered into an operating lease for office and shop premises with a company that is controlled by a common shareholder which requires monthly payments of \$20,000.

With the exception of amounts due to shareholders, which are classified as a current liabilities because they are payable on demand, Central Water intends to fund its contractual obligations through cash flow generated by operating activities.

Capital Resources

Capital Expenditures

Central Water made \$2.3 million (2013 - \$2.0 million) in capital expenditures during 2014 to support the increased demand from Central Water's customers. Central Water intends to use cash flow from operations to fund its capital expenditure requirements for fiscal 2015.

Debt Facilities

Central Water's debt facilities are limited. At January 2, 2014, Central Water's available and utilized debt facilities consisted of:

- A demand loan of which \$0.2 million was outstanding at January 2, 2014.
- Amounts due to shareholders of \$2.6 million. The advances are non-interest bearing and have no fixed terms of repayment.
- Several individual loans secured by the respective property and equipment purchased with the proceeds from the loans, of which \$0.2 million was outstanding at January 2, 2014. The loans mature between 2014 and 2017 and bear interest at rates between nil and 6.0 percent.

All of the foregoing will be repaid and retired in connection with the Acquisition (as detailed herein). See "Subsequent Event" section of this MD&A.

Shareholders' Equity

At January 2, 2014, Central Water's share capital consisted of 100 Class "A" voting common shares, 1,890 Class "B" non-voting common shares and 10 Class "C" non-voting common shares.

As of May 20, 2014, the number of shares outstanding were 10 Class "A" voting common shares, nil Class "B" non-voting common shares, 1,990 Class "C" non-voting common shares, nil Class "D" voting preferred shares, 5,580,000 Class "E" non-voting preferred shares and nil Class "F" non-voting preferred shares.

Off-Balance Sheet Arrangements

As at January 2, 2014, Central Water had no off-balance sheet arrangements, with the exception of operating leases for which the contractual obligation is detailed in the "*Liquidity - Contractual Obligations*" section of this MD&A.

Transactions with Related Parties

Included in costs for fiscal 2014 is \$0.2 million (2013 - \$0.1 million) paid to a company related by virtue of common control and shareholders. The expenses were for the rental of infrastructure facilities used exclusively by Central Water in its operations. These transactions are in the normal course of operations and were measured at the amount exchanged between the parties.

Subsequent Event

On May 20, 2014, Central Water and its shareholders entered into a Share Purchase Agreement providing for the acquisition (the "**Acquisition**") of all of the issued and outstanding shares of Central Water. As of the date of this MD&A, the Acquisition has not closed and there is no assurance that it will close as expected, or at all.

Critical Accounting Estimates

This MD&A of Central Water's financial condition, results of operations and cash flows is based on its audited consolidated financial statements which are prepared in accordance with ASPE. Central Water's significant accounting policies are described in Note 2 to its financial statements. The preparation of the financial statements in conformity with ASPE requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Key areas of estimation where management has made difficult, complex or objective judgments, often as a result of matters inherently uncertain are detailed below.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Central Water reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities of the jurisdictions in which it operates. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Useful lives of property and equipment

Central Water estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

Allowance for doubtful accounts

Central Water makes allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyzed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to

evaluate the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

Financial and Other Instruments

Central Water is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about Central Water's risk exposure and concentration.

Fair value

Due to the short-term nature of cash, short-term investments, accounts receivable, inventory, prepaid expenses, accounts payable and accrued liabilities, bonus and management remuneration payable, demand loan, government remittances payable, income taxes payable, due to shareholders and other current liabilities Central Water has determined that the carrying amounts approximate fair value. The carrying amounts of long-term debt also approximates fair value as the debt was entered into at the best available market interest rate.

Credit risk

Credit risk is the risk of financial loss to Central Water if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk can be heightened from exposure to a single customer or to several customers that have similar qualities and characteristics. Central Water's exposure to credit risk is primarily related to the carrying value of its trade and other receivables. Central Water is subject to a concentration of credit risk as 64% of accounts receivable is from one customer. Central Water continuously evaluates the financial condition and credit worthiness of all customers and potential customers in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in net income.

Liquidity risk

Liquidity risk is the risk that Central Water will incur difficulties meeting its financial obligations as they come due. Central Water's liquidity requirements are met through the cash generated from operations. Management monitors and manages its liquidity risk through regular monitoring of its financial liabilities against the constraints of its available financial assets.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk.

Central Water does not currently have any significant direct exposure to interest rate risk, currency risk, commodity price risk or other price risk. Management believes the risk faced by Central Water with regard to market risk is an acceptable risk faced in the ordinary course of business.

General economic conditions globally, including the relative strength of the Canadian dollar may adversely affect the value of Central Water's business and the value of its financial instruments.

Business Risks and Uncertainties

Central Water is subject to a number of known and unknown risks, uncertainties and other factors that could cause Central Water's actual future results to differ materially than those historically achieved and those reflected in forward-looking statements made by Central Water. See "*Risk Factors*" in the Prospectus of Northern Frontier Corp. dated August 15, 2014 for a description of such risks.

Changes in Accounting Policies

During fiscal 2014 Central Water did not have any changes in accounting policies.

Non-GAAP Measures and Reconciliations

Adjusted EBITDA

"Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation and amortization and other specific expenses. Adjusted EBITDA is a supplemental non-GAAP financial measure that is not recognized under ASPE and does not have a standardized meaning prescribed by ASPE. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than net income or cash flows from operating activities as determined in accordance with ASPE or as an indicator of operating performance or liquidity. Management believes that Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions. The computations of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies, and accordingly Adjusted EBITDA may not be comparable to measures used by other companies.

in \$000's, except as noted	Year ended Jan 2, 2014	Year ended Jan 2, 2013
Net income.....	\$5,823	\$1,732
Add / (deduct):		
Provision for income taxes		
Current.....	\$1,840	\$503
Future.....	\$(13)	\$4
Interest on long-term debt.....	\$18	\$30
Direct costs – amortization	\$1,064	\$825
G&A - amortization.....	\$288	\$70
EBITDA	\$9,020	\$3,164
% of revenue		
Add / (deduct):		
Gain on disposal of equipment	\$(33)	\$(47)
Management remuneration and bonus to shareholders.....	-	\$4,300
Estimate of normalized shareholder/management remuneration	\$(500)	\$(500)
Adjusted EBITDA	\$8,487	\$6,917
% of revenue	41.4%	41.0%

Working Capital

"Working Capital" is defined as current assets less current liabilities excluding the following items that are considered financing in nature: cash; short-term investments; demand loan; bonus and management remuneration payable; due to shareholders; and long-term debt. Working Capital is a supplemental non-GAAP financial measure that is not recognized under ASPE and does not have a standardized meaning prescribed by ASPE. Management believes that Working Capital provides an indication of the current liquidity available to Central Water before consideration of debt facilities or equity financing considerations. Working Capital should not be considered as an alternative to, or more meaningful than, current assets less current liabilities ("**Net Current Assets**") as determined in accordance with ASPE. The computation of Working Capital may not be comparable to other similarly titled measures of other companies, and accordingly Working Capital may not be comparable to measures used by other companies.

in \$000's	Jan 2, 2014	Jan 2, 2013
Total current assets	\$8,166	\$5,089
Total current liabilities.....	\$(5,387)	\$(7,486)
Net Current Assets.....	\$2,779	\$(2,397)
Add / (deduct):		
Cash	\$(1,992)	\$(2,400)
Demand loan.....	\$208	\$443
Bonus and management remuneration payable to shareholders	-	\$4,300
Due to shareholders	\$2,580	\$1,956
Long-term debt	\$85	\$45
Working Capital	\$3,660	\$1,947

Advisory Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to as "**forward-looking statements**") within the meaning of applicable Canadian securities legislation. See "*Forward-Looking Statements*" in the Prospectus of Northern Frontier Corp. dated August 15, 2014 for a list of such forward-looking statements, the assumptions on which they are based and the risks that could cause Central Water's actual results to differ materially from such forward-looking statements.

SCHEDULE "D"

INTERIM MD&A OF CENTRAL WATER

(attached)

Central Water & Equipment Services Ltd.

Management's Discussion & Analysis

For the three and six months ended July 2, 2014 and 2013

The following management's discussion and analysis ("**MD&A**") for Central Water & Equipment Services Ltd. ("**Central Water**") financial condition, results of operations and cash flows for the three and six months ended July 2, 2014 and 2013 should be read in conjunction with the Central Water's unaudited interim financial statements and related notes contained therein for the three and six months ended July 2, 2014 and 2013. Furthermore this MD&A should be read in conjunction with Central Water's audited financial statements and related notes contained therein for the years ended January 2, 2014 and 2013. The unaudited interim financial statements and MD&A have been prepared in Canadian dollars, in accordance with Accounting Standards for Private Enterprises ("**ASPE**"). This MD&A was prepared effective August 11, 2014.

Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements based on certain expectations, projections and assumptions. This information is subject to a number of risks and uncertainties, many of which are beyond Central Water's control. Users of this information are cautioned that actual results may differ materially. For additional information refer to the "*Advisory Regarding Forward-Looking Statements*" section in this MD&A.

Nature of Operations

Central Water was incorporated under *The Business Corporations Act* (Saskatchewan) on December 30, 2004. The head office and main operations shop is located in Saskatoon, Saskatchewan and Central Water also has an operational branch in Edmonton, Alberta.

Central Water is a leading water and fluids transfer service provider in western Canada, primarily focused on the oil and natural gas and related industries. Central Water provides a skilled water management workforce that manages and executes upon the full water and fluid transfer cycle, including transportation of equipment, set-up, monitoring, work-arounds and demobilization.

Overview

During the three and six months ended July 2, 2014 Central Water:

- generated \$1.8 million (2013 - \$5.9 million) and \$4.2 million (2013 - \$7.2 million) in revenue, respectively;
- realized a gross profit margin of 18.4%, with \$0.3 million (2013 - 53.2% or \$3.1 million) in gross profit for the three months ended July 2, 2014 and realized a gross profit margin of 21.5%, with \$0.9 million (2013 - 40.4% or \$2.9 million) in gross profit for the six months ended July 2, 2014;
- generated EBITDA of negative \$0.2 million (2013 – positive \$3.0 million) and positive \$8,000 (2013 – positive \$2.6 million), respectively; and
- had a net loss of \$0.3 million (2013 - net income \$2.0 million) and a net loss of \$0.3 million (2013 - net income \$1.5 million), respectively.

Results of Operations

Gross Profit

in 000's, except as noted	3 months ended	Change	3 months ended
	Jul 2, 2014		Jul 2, 2013
Revenue	\$1,827	(69)%	\$5,919
Direct costs	\$1,491		\$2,773
Gross profit	\$337		\$3,147
% of revenue	18.4%		53.2%

	6 months ended	Change	6 months ended
	Jul 2, 2014		Jul 2, 2013
Revenue	\$4,169	(42)%	\$7,232
Direct costs	\$3,272		\$4,310
Gross profit	\$897		\$2,923
% of revenue	21.5%		40.4%

The decrease in revenue over the comparative prior year periods is a direct result of the project demands and timing from Central Water's customers. In discussions with key customers, Central Water expects that the project demand from these customers will increase in the second half of the year, however, specific timing of the projects may move to meet customer needs, if the projects proceed at all.

The gross profit margin was adversely impact as certain direct costs are relatively fixed in nature and management's operating strategy to retain key operating staff during slow periods which are expected to be temporary in nature. For the fiscal periods presented the primary components of direct costs and their respective percentage of total direct costs were:

As a % of total direct costs	3 months ended	3 months ended
	Jul 2, 2014	Jul 2, 2013
Labour and subcontract costs.....	54%	54%
Equipment and vehicle costs	14%	16%
Travel, meals and accommodation	8%	13%
Amortization	18%	8%
Supplies and materials	6%	9%

	6 months ended	6 months ended
	Jul 2, 2014	Jul 2, 2013
Labour and subcontract costs.....	49%	51%
Equipment and vehicle costs	17%	18%
Travel, meals and accommodation	9%	12%
Amortization	16%	11%
Supplies and materials	9%	8%

Period-over-period for the three and six months ended July 2, 2014, Central Water's amortization of equipment has been the primary increase as a percentage of total direct costs, as Central Water's accounting policy is based on a declining balance method and significant additions made during the period ended January 2, 2014 and late in 2013.

General and Administrative Expenses

in 000's, except as noted	3 months ended	Change	3 months ended
	Jul 2, 2014		Jul 2, 2013
G&A	\$693	(60)%	\$432
As a % of revenue	37.9%		7.3%
	6 months ended	Change	6 months ended
	Jul 2, 2014		Jul 2, 2013
G&A	\$1,257	(48)%	\$848
As a % of revenue	30.2%		11.7%

General and administrative expenses ("G&A") have increased on an absolute basis as a result of costs associated with the proposed acquisition of Central Water as detailed in the "Subsequent Event" section of this MD&A and costs to support the overall growth in the operation's platform. Exclusive of the costs associated with the proposed acquisition estimated to be \$0.2 million, the G&A increase has been primarily driven by an increase in administrative staff required to handle the increased volume of administrative type tasks required to be performed. G&A was \$0.7 million (2013 - \$0.4 million) and \$1.3 million (2013 - \$0.8 million) for the three and six months ended July 2, 2014, respectively. This represents an increase of 60% and 48% for the three and six month periods ended July 2, 2014, respectively.

As a percentage of revenue, G&A has increased period-over-period as these costs are more fixed in nature. Personnel and personnel related costs are the most significant expenses as they are in excess of 45% of total G&A.

Interest expense

in 000's, except as noted	3 months ended	3 months ended
	Jul 2, 2014	Jul 2, 2013
Interest expense on debt	\$2	\$5
	6 months ended	6 months ended
	Jul 2, 2014	Jul 2, 2013
Interest expense on debt	\$6	\$11

Interest expense includes interest paid on a demand loan and long-term debt. Interest expense has decreased period-over-period as Central Water has reduced its debt facilities outstanding.

Provision for income tax – current and deferred

in 000's, except as noted	3 months ended	3 months ended
	Jul 2, 2014	Jul 2, 2013
Provision for income tax.....	\$(63)	\$699
Statutory tax rate.....	27.0%	27.0%
Effective tax rate.....	17.6%	25.8%
	6 months ended	6 months ended
	Jul 2, 2014	Jul 2, 2013
Provision for income tax.....	\$(58)	\$522
Statutory tax rate.....	27.0%	27.0%
Effective tax rate.....	16.8%	25.3%

The income tax provisions and effective tax rates differ from the statutory rates for the respective periods primarily as a result of Central Water being a Canadian controlled private corporation ("CCPC") which has been able to claim the small business deduction available to CCPC's to reduce overall taxes paid.

Adjusted EBITDA

in 000's, except as noted	3 months ended	Change	3 months ended
	Jul 2, 2014		Jul 2, 2013
Adjusted EBITDA ⁽¹⁾	\$(23)		\$2,829
% of revenue	(1.3)%		47.8%
	6 months ended	Change	6 months ended
	Jul 2, 2014		Jul 2, 2013
Adjusted EBITDA ⁽¹⁾	\$245		\$2,310
% of revenue	5.9%		31.9%

Note:

(1) Refer to the "Non-GAAP Measures and Reconciliations" section of this MD&A for further details.

Central Water generated Adjusted EBITDA of negative \$23,000 or 1.3% (2013 – positive \$2.8 million or 47.8%) for the three months ended July 2, 2014 and positive \$0.2 million or 5.9% (2013 - \$2.3 million or 31.9%) for the six months ended July 2, 2014.

On a percentage of revenue basis, Adjusted EBITDA has decreased significantly over the respective comparable prior year periods. The decrease in Adjusted EBITDA over the periods is the result of the factors detailed above.

Net (loss) income

in 000's, except as noted	3 months ended	Change	3 months ended
	Jul 2, 2014		Jul 2, 2013
Net (loss) income.....	\$(296)	(115)%	\$2,011
	6 months ended	Change	6 months ended
	Jul 2, 2014		Jul 2, 2013
Net (loss) income.....	\$(287)	(119)%	\$1,541

Net loss was \$0.3 million (2013 - net income \$2.0 million) for the three months ended July 2, 2014 and was a net loss of \$0.3 million (2013 - net income of \$1.5 million) for the six months ended July 2, 2014. This represents decreases of 115% and 119% over the three and six month periods ended July 2, 2013, respectively and was the result of the factors detailed above.

Summary of Quarterly Results

Central Water is a CCPC and as such has not historically prepared quarterly financial statements. The ability for the industry Central Water operates in to function is dependent on weather conditions, whereby below freezing temperatures can negatively impact activity levels. Central Water's heating capabilities is a key differentiating factor as Central Water is able to provide services to its customer year round. As a result of Central Water's project driven revenue, activity levels can vary from quarter to quarter depending on customer demands as Central Water is able to provide services to its customer year round. As a result of Central Water's project driven revenue, activity levels can vary from quarter to quarter depending on customer demands.

Liquidity

	6 months ended Jul 2, 2014	6 months ended Jul 2, 2013
in 000's, except as noted		
Cash generated by (used in) operating activities	\$2,118	\$(4,070)
Cash used in investing activities.....	\$(674)	\$(1,202)
Cash generated by (used in) financing activities	\$(1,960)	\$2,830
	Jul 2, 2014	Jan 2, 2014
Working Capital	\$1,855	\$3,660

Operating Activities

During the six months ended July 2, 2014, Central Water generated \$2.1 million (2013 – used \$4.1 million) from operating activities. As revenue and associated expenses have decreased period-over-period, respective non-cash working capital items (receivables and payables) have decreased accordingly.

Working Capital has decreased since January 2, 2014 to \$1.9 million at July 2, 2014. Working capital has been primarily supported by a demand loan and amounts due to shareholders. At July 2, 2014, \$nil was outstanding on the demand loan and \$1.0 million was due to shareholders.

Central Water anticipates that it will have enough cash from operations to fund its expenses, to meet the planned growth in Central Water's business and to fund future development activities. In the event that Central Water requires additional funding, it believes that it will be able to satisfy such funding requirements through amounts due to shareholders.

Working Capital Fluctuations Effect on Liquidity

Central Water's working capital can be significantly affected by the timing of the completion of projects. In addition, seasonality of operations due to below freezing temperatures can have an effect on activity levels. Typically Central Water's business operations experience peak levels between May and November which can have an impact on working capital by increasing trade receivables.

Liquidity Risks

For a description of the liquidity risks associated with financial instruments, refer the "*Financial and Other Instruments – Liquidity Risk*" section of this MD&A.

Investing Activities

Net cash used in investing activities were directly attributed to the investment in equipment to meet specific demands from Central Water's customers.

Financing Activities

The changes in cash for financing activities was the direct result of debt related activities to support working capital requirements of the business. Further information regarding the debt facilities are detailed in "*Capital Resources - Debt Facilities*" section in this MD&A.

Contractual Obligations

The following are Central Water's contractual obligations as at July 2, 2014:

in 000's	Less than 12 months	1 - 2 years	2 - 3 years	Thereafter	Total
Accounts payable and accrued liabilities	\$498	-	-	-	\$498
Government remittances payable	\$1	-	-	-	\$1
Due to shareholders	\$1,002	-	-	-	\$1,002
Other current liabilities.....	\$170	-	-	-	\$170
	<u>\$1,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$1,671</u>

In addition to the above, Central Water has entered into an operating lease for office and shop premises with a company that is controlled by a common shareholder which requires monthly payments of \$20,000.

With the exception of amounts due to shareholders, which are classified as a current liabilities because they are payable on demand, Central Water intends to fund its contractual obligations through cash flow generated by operating activities.

Capital Resources

Capital Expenditures

Central Water made \$0.7 million (2013 - \$1.1 million) in capital expenditures for the six months ended July 2, 2014 to meet specific requirements from Central Water's customers. Central Water intends to use cash flow from operations to fund its capital expenditure requirements for fiscal 2015.

Debt Facilities

Central Water's debt facilities are limited. At July 2, 2014, Central Water's available and utilized debt facilities consisted of:

- A demand loan of which \$nil was outstanding at July 2, 2014.
- Amounts due to shareholders of \$1.0 million. The advances are non-interest bearing and have no fixed terms of repayment.

All of the foregoing will be repaid and retired in connection with the Acquisition (as detailed herein). See "Subsequent Event" section of this MD&A.

Shareholders' Equity

As of July 2, 2014, the number of shares outstanding were 10 Class "A" voting common shares, nil Class "B" non-voting common shares, 1,990 Class "C" non-voting common shares, nil Class "D" voting preferred shares, 5,580,000 Class "E" non-voting preferred shares and nil Class "F" non-voting preferred shares.

Off-Balance Sheet Arrangements

As at July 2, 2014, Central Water had no off-balance sheet arrangements, with the exception of operating leases for which the contractual obligation is detailed in the "Liquidity - Contractual Obligations" section of this MD&A.

Transactions with Related Parties

Included in costs for the six months ended July 2, 2014 is \$0.1 million (2013 - \$0.1 million) paid to a company related by virtue of common control and shareholders. The expenses were for the rental of infrastructure facilities used exclusively by Central Water in its operations. These transactions are in the normal course of operations and were measured at the amount exchanged between the parties.

Subsequent Event

On May 20, 2014, (amended June 27, 2014 and August 11, 2014) Central Water and its shareholders entered into a Share Purchase Agreement providing for the acquisition (the "**Acquisition**") of all of the issued and outstanding shares of Central Water. The Acquisition is expected to close on or about August 28, 2014. As of the date of this MD&A, the Acquisition has not closed and there is no assurance that it will close as expected, or at all.

Critical Accounting Estimates

This MD&A of Central Water's financial condition, results of operations and cash flows is based on its unaudited financial statements which are prepared in accordance with ASPE. Central Water's significant accounting policies are described in Note 2 to its financial statements. The preparation of the financial statements in conformity with ASPE requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Key areas of estimation where management has made difficult, complex or objective judgments, often as a result of matters inherently uncertain are detailed below.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Central Water reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities of the jurisdictions in which it operates. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Useful lives of property and equipment

Central Water estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

Allowance for doubtful accounts

Central Water makes allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyzed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

Financial and Other Instruments

Central Water is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about Central Water's risk exposure and concentration.

Fair value

Due to the short-term nature of cash, short-term investments, accounts receivable, inventory, prepaid expenses, accounts payable and accrued liabilities, bonus and management remuneration payable, demand loan, government remittances payable, income taxes payable, due to shareholders and other current liabilities, Central Water has determined that the carrying amounts approximate fair value. The carrying amounts of long-term debt also approximates fair value as the debt was entered into at the best available market interest rate.

Credit risk

Credit risk is the risk of financial loss to Central Water if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk can be heightened from exposure to a single customer or to several customers that have similar qualities and characteristics. Central Water's exposure to credit risk is primarily related to the carrying value of its trade and other receivables. Central Water is subject to a concentration of credit risk as 63% of accounts receivable as of July 2, 2014 is from one customer. Central Water continuously evaluates the financial condition and credit worthiness of all customers and potential customers in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in net income.

Liquidity risk

Liquidity risk is the risk that Central Water will incur difficulties meeting its financial obligations as they come due. Central Water's liquidity requirements are met through the cash generated from operations. Management monitors and manages its liquidity risk through regular monitoring of its financial liabilities against the constraints of its available financial assets.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk.

Central Water does not currently have any significant direct exposure to interest rate risk, currency risk, commodity price risk or other price risk. Management believes the risk faced by Central Water with regard to market risk is an acceptable risk faced in the ordinary course of business.

General economic conditions globally, including the relative strength of the Canadian dollar may adversely affect the value of Central Water's business and the value of its financial instruments.

Business Risks and Uncertainties

Central Water is subject to a number of known and unknown risks, uncertainties and other factors that could cause Central Water's actual future results to differ materially than those historically achieved and those reflected in forward-looking statements made by Central Water. See "*Risk Factors*" in the Prospectus of Northern Frontier Corp. dated August 15, 2014 for a description of such risks.

Changes in Accounting Policies

During the six months ended July 2, 2014, Central Water did not have any changes in accounting policies.

Non-GAAP Measures and Reconciliations

Adjusted EBITDA

"Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation and amortization and other specific expenses. Adjusted EBITDA is a supplemental non-GAAP financial measure that is not recognized under ASPE and does not have a standardized meaning prescribed by ASPE. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than net income or cash flows from operating activities as determined in accordance with ASPE or as an indicator of operating performance or liquidity. Management believes that Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions. The computations of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies, and accordingly Adjusted EBITDA may not be comparable to measures used by other companies.

in 000's, except as noted	3 months ended Jul 2, 2014	3 months ended Jul 2, 2013
Net (loss) income.....	\$(296)	\$2,011
Add / (deduct):		
Provision for income taxes		
Current.....	\$(63)	\$699
Interest on long-term debt.....	\$2	\$5
Direct costs – amortization	\$262	\$226
G&A - amortization.....	\$47	\$13
EBITDA	\$(48)	\$2,954
Add / (deduct):		
Estimate of Acquisition transaction costs.....	\$150	-
Estimate of normalized shareholder/management remuneration.....	\$(125)	\$(125)
Adjusted EBITDA	\$(23)	\$2,829
% of revenue	(1.3)%	47.8%
	6 months ended Jul 2, 2014	6 months ended Jul 2, 2013
Net (loss) income.....	\$(287)	\$1,541
Add / (deduct):		
Provision for income taxes		
Current.....	\$(58)	\$522
Interest on long-term debt.....	\$6	\$11
Direct costs – amortization	\$524	\$459
G&A - amortization.....	\$95	\$27
EBITDA	\$280	\$2,560
Add / (deduct):		
Gain on disposal of equipment	\$(21)	-
Estimate of Acquisition transaction costs.....	\$236	-
Estimate of normalized shareholder/management remuneration.....	\$(250)	\$(250)
Adjusted EBITDA	\$245	\$2,310
% of revenue	5.9%	31.9%

Working Capital

"**Working Capital**" is defined as current assets less current liabilities excluding the following items that are considered financing in nature: cash; short-term investments; demand loan; bonus and management remuneration payable; due to shareholders; and long-term debt. Working Capital is a supplemental non-GAAP financial measure that is not recognized under ASPE and does not have a standardized meaning prescribed by ASPE. Management believes that Working Capital provides an indication of the current liquidity available to Central Water before consideration of debt facilities or equity financing considerations. Working Capital should not be considered as an alternative to, or more meaningful than, current assets less current liabilities ("**Net Current Assets**") as determined in accordance with ASPE. The computation of Working Capital may not be comparable to other similarly titled measures of other companies, and accordingly Working Capital may not be comparable to measures used by other companies.

in \$000's	Jul 2, 2014	Jan 2, 2014
Total current assets	\$4,000	\$8,166
Total current liabilities.....	<u>\$(1,671)</u>	<u>\$(5,387)</u>
Net Current Assets.....	\$2,329	\$2,779
Add / (deduct):		
Cash	\$(1,476)	\$(1,992)
Demand loan.....	-	\$208
Due to shareholders	\$1,002	\$2,580
Long-term debt	<u>-</u>	<u>\$85</u>
Working Capital	\$1,855	\$3,660

Advisory Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to as "**forward-looking statements**") within the meaning of applicable Canadian securities legislation. See "*Forward-Looking Statements*" in the Prospectus of Northern Frontier Corp. dated August 15, 2014 for a list of such forward-looking statements, the assumptions on which they are based and the risks that could cause Central Water's actual results to differ materially from such forward-looking statements.

SCHEDULE "E"

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(attached)

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Northern Frontier Corp.

Pro Forma Consolidated Statement of Financial Position

As at December 31, 2013

(in 000's CAD) (Unaudited)

	Northern Frontier	Central Water	Pro Forma Adjustments	Note 2	Pro Forma
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,687	\$ 1,992	\$ 629 (1,992) (250) 18,451 (13,638) (6,865)	(a) (a) (b) (d) (e) (a)	\$ 2,014
Cash held in escrow	-	-	6,865	(a)	6,865
Trade and other receivables	8,935	6,150	-		15,085
Input tax credit receivable	1,489	-	-		1,489
Inventory	-	19	-		19
Prepaid expenses	257	5	-		262
	<u>14,368</u>	<u>8,166</u>	<u>3,200</u>		<u>25,734</u>
Non-current assets:					
Property and equipment	34,786	5,470	646	(a)	40,902
Land	4,000	-	-		4,000
Intangibles	11,203	-	12,000	(a)	23,203
Goodwill	11,106	-	5,343	(a)	16,449
	<u>61,095</u>	<u>5,470</u>	<u>17,989</u>		<u>84,554</u>
Total assets	\$ 75,463	\$ 13,636	\$ 21,189		\$ 110,288
LIABILITIES AND EQUITY					
Liabilities					
Current liabilities:					
Demand loan	\$ -	\$ 208	\$ (208)	(a)	\$ -
Trade and other payables	4,361	1,125	-		5,486
Income taxes payable	1,005	1,378	-		2,383
Accrued interest payable	166	-	-		166
Related party advances	-	2,590	(2,590)	(a)	-
Loans and borrowings	5,200	86	(86) 4,681 (5,200)	(a) (e) (e)	4,681
Obligations under finance lease	2,585	-	-		2,585
	<u>13,317</u>	<u>5,387</u>	<u>(3,404)</u>		<u>15,301</u>
Non-current liabilities:					
Loans and borrowings	27,732	87	(87) 42,708 (28,625) 893 (2,164)	(a) (e) (e) (e) (e)	40,543
Deferred taxes	2,822	(22)	3,000 (63) (388) (48) (735) (223) (281)	(a) (b) (d) (e) (e) (e) (e)	4,063
	<u>30,554</u>	<u>65</u>	<u>13,987</u>		<u>44,606</u>
Total liabilities	43,871	5,452	10,583		59,906
Equity					
Common shares	32,230	-	3,920 18,462	(c) (d)	54,612
Common share purchase warrants	2,321	-	80 377	(c) (d)	2,778
Contributed surplus	370	-	-		370
Retained earnings (deficit)	(3,329)	8,184	(8,184) (188) (144) (2,205) (670) (843)	(a) (b) (e) (e) (e) (e)	(7,378)
	<u>31,592</u>	<u>8,184</u>	<u>10,606</u>		<u>50,382</u>
Total equity	\$ 75,463	\$ 13,636	\$ 21,189		\$ 110,288

See accompanying notes.

Northern Frontier Corp.

Pro Forma Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss)

For the year ended December 31, 2013

(in 000's CAD) (Unaudited)

	Northern Frontier	NEC	Central Water	Pro Forma Adjustments	Note 2	Pro Forma
REVENUE	\$ 15,017	\$ 34,026	\$ 20,504	\$ 18,125	(g)	\$ 87,672
DIRECT COSTS						
Direct costs	11,940	24,085	10,484	(2,983)	(f)	57,772
Direct costs – CRC		2,983		332	(f)	
				13,371	(g)	
				(1,542)	(h)	
				166	(h)	
			(1,064)	-	(o)	
	<u>11,940</u>	<u>27,023</u>	<u>9,420</u>	<u>9,389</u>		<u>57,772</u>
Gross profit	3,077	7,003	11,084	8,736		29,900
EXPENSES						
Selling, general and administrative	1,270	1,287	2,064	340	(g)	4,961
Costs of qualifying transaction	1,275	-	-	1,689	(g)	2,964
Share-based compensation	101	-	-	-		101
Depreciation and amortization	2,267	2,967	288	363	(f)	12,641
				1,784	(g)	
				181	(h)	
				780	(i)	
				1,232	(i)	
				1,714	(k)	
			1,064		(o)	
	<u>4,913</u>	<u>4,254</u>	<u>3,416</u>	<u>8,084</u>		<u>20,667</u>
Profit (loss) from operating activities	(1,836)	2,749	7,668	652		9,233
Finance costs	844	495	18	(495)	(l)	4,153
				(18)	(m)	
				(844)	(n)	
				1,124	(e)	
				3,029	(n)	
Profit (loss) before income tax	<u>(2,680)</u>	<u>2,254</u>	<u>7,650</u>	<u>(2,143)</u>		<u>5,081</u>
Provision for income taxes						
Current (recovery)	-	424	1,840	561	(f)	2,035
				588	(g)	
				(124)	(l)	
				(5)	(m)	
				(211)	(n)	
				(281)	(e)	
				(757)	(n)	
Deferred (reduction)	(713)	140	(13)	299	(h)	(1,219)
				(195)	(i)	
				(308)	(j)	
				(429)	(k)	
	<u>(713)</u>	<u>564</u>	<u>1,827</u>	<u>(862)</u>		<u>816</u>
Net profit (loss) and comprehensive income (loss)	<u>\$ (1,967)</u>	<u>\$ 1,690</u>	<u>\$ 5,823</u>	<u>\$ (1,282)</u>		<u>\$ 4,264</u>
Earnings per share – basic						<u>\$ 0.19</u>

See accompanying notes.

Northern Frontier Corp.

Pro Forma Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss)

For the three months ended March 31, 2014

(in 000's CAD) (Unaudited)

	Northern Frontier	NEC	Central Water	Pro Forma Adjustments	Note 2	Pro Forma
REVENUE	\$ 17,859	\$ -	\$ 2,342	\$ -		\$ 20,201
DIRECT COSTS						
Direct costs	13,326		1,781 (262)	-	(o)	14,845
	<u>13,326</u>	<u>-</u>	<u>1,519</u>	<u>-</u>		<u>14,845</u>
Gross profit	4,533	-	823	-		5,356
EXPENSES						
Selling, general and administrative	1,049	-	516	-		1,565
Costs of qualifying transaction	-	-	-	-		-
Share-based compensation	104	-	-	-		104
Depreciation and amortization	2,247	-	48	429	(k)	2,986
			262		(o)	
Loss (gain) on disposal of equipment	67	-	(21)	-		46
	<u>3,467</u>	<u>-</u>	<u>805</u>	<u>429</u>		<u>4,701</u>
Profit (loss) from operating activities	1,066	-	18	(429)		655
Finance costs	778	-	4	(4)	(m)	1,881
				(778)	(n)	
				1,124	(e)	
				757	(n)	
Profit (loss) before income tax	<u>288</u>	<u>-</u>	<u>14</u>	<u>(1,528)</u>		<u>(1,226)</u>
Provision for income taxes						
Current (recovery)	-	-	5	(1)	(m)	(661)
				(195)	(n)	
				(281)	(e)	
				(189)	(n)	
Deferred (reduction)	<u>(43)</u>	<u>-</u>	<u>-</u>	<u>(107)</u>	(k)	<u>(150)</u>
	<u>(43)</u>	<u>-</u>	<u>-</u>	<u>(773)</u>		<u>(811)</u>
Net profit (loss) and comprehensive income (loss)	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ (755)</u>		<u>\$ (415)</u>
Loss per share – basic						<u><u>\$ (0.02)</u></u>

See accompanying notes.

Northern Frontier Corp.

Notes to the Pro Forma Consolidated Statement Financial Position at December 31, 2013 and Statements of Profit (Loss) and Comprehensive Income (Loss) for the 12 months ended December 31, 2013 and three months ended March 31, 2014
(in 000's CAD) (Unaudited)

1. BASIS OF PRESENTATION AND ASSUMPTIONS

The accompanying unaudited pro forma consolidated statement of financial position as at December 31, 2013 and the unaudited pro forma consolidated statement of profit (loss) and comprehensive income (loss) for the year ended December 31, 2013 and the three months ended March 31, 2014 (the "**Pro Forma Statements**") of Northern Frontier Corp. (the "**Corporation**" or "**Northern Frontier**") have been prepared by management using information derived from the financial statements of the Corporation, the consolidated financial statements of 794522 Alberta Ltd. ("**NEC**"), the schedule of carve-out assets ("**Carve-out Assets**") of CRC Open Camp and Catering Ltd. ("**CRC**") and the financial statements of Central Water & Equipment Services Ltd. ("**Central Water**") together with other information available to the Corporation. The Pro Forma Statements have been prepared for inclusion in the Short Form Prospectus of Northern Frontier dated August 15, 2014.

Accounting policies used in the preparation of the Pro Forma Statements are in accordance with those disclosed in the December 31, 2013 audited consolidated financial statements of Northern Frontier, the June 30, 2013 unaudited financial statements of NEC, the December 31, 2012 audited consolidated financial statements of NEC and the January 2, 2014 audited financial statements of Central Water which were all prepared in accordance with International Financial Reporting Standards ("**IFRS**") with the exception of Central Water which was prepared in accordance with Accounting Standards for Private Enterprises ("**ASPE**") for which any required reconciling items to IFRS have been provided.

These Pro Forma Statements should be read in conjunction with the consolidated financial statements of Northern Frontier, consolidated financial statements of NEC, the schedule of Carve-out Assets of CRC and the financial statements of Central Water for the applicable periods noted, including the notes thereto.

The pro forma consolidated statement of financial position gives effect to the proposed transactions described in Note 2 as if they occurred on December 31, 2013. The pro forma consolidated statements of profit (loss) and comprehensive income (loss) gives effect to the proposed transactions described in Note 2 as if they occurred on January 1, 2013 for the fiscal period ended December 31, 2013 and January 1, 2014 for the three months ended March 31, 2014. Northern Frontier had a 13 month fiscal period end of December 31 while Central Water had a fiscal year end of January 2. For the one month period ended December 31, 2012, Northern Frontier did not have any material activities and as a result, the Pro Forma Statements have not been adjusted for this one month period as it is not material to the Pro Forma Statements. For purposes of the Pro Forma Statements it is assumed that the fiscal year end is December 31.

The Pro Forma Statements are not intended to be indicative of the financial position and profit (loss) and comprehensive income (loss) of the Corporation which would have actually resulted had the proposed transactions described in Note 2 and other pro forma adjustments occurred as assumed. Further, these Pro Forma Statements are not necessarily indicative of the financial position and profit and comprehensive income which may be achieved in the future.

2. PRO FORMA ADJUSTMENTS

On April 22, 2013, amended August 12, 2013 and September 27, 2013, the Corporation entered into a definitive arms-length share purchase agreement with NEC and the shareholders of NEC pursuant to which the Corporation, through a wholly-owned subsidiary, acquired all of the issued and outstanding shares of NEC on September 27, 2013. The Corporation also entered into a definitive arms-length asset purchase agreement with CRC which is owned by certain shareholders of NEC pursuant to which the Corporation, through a wholly-owned subsidiary, acquired certain assets held by CRC that are used exclusively in the business of NEC on September 27, 2013.

On May 20, 2014 (amended on June 27, 2014 and August 11, 2014), Northern Frontier entered into a definitive acquisition agreement (the "**Acquisition**") to acquire the shares of Central Water (the "**Central Water Shares**") from the shareholders of Central Water (the "**Vendors**"). Total consideration to be paid to the Vendors is \$24,135, subject to an adjustment for current year growth capital expenditures made by Central Water, currently estimated to be \$646, which is subject to change and will be finalized on closing, and comprised of cash consideration of \$20,135 and the issuance of \$4,000 of common shares and warrants of the Corporation. Furthermore, the Acquisition has a contingent earn-out component whereby the Corporation is obligated to pay: (i) in cash, a 3.6x multiple to the extent that from the closing date until September 30, 2014 Central Water's trailing 12 month EBITDA exceeds \$6,580 to a maximum cash payment of \$6,865; and (ii) in cash, a 1.0x multiple to the extent that Central Water's trailing 12 month EBITDA exceeds \$8,487 as of the first anniversary of the last day of the first full month following the closing date. Concurrent with and as a condition precedent to completion of the acquisition, and to fund the cash portion of the purchase price for the Acquisition, Northern Frontier will also complete a \$20,001 equity financing (the "**Offering**") and establish new senior credit facilities.

Northern Frontier Corp.

Notes to the Pro Forma Consolidated Statement Financial Position at December 31, 2013 and Statements of Profit (Loss) and Comprehensive Income (Loss) for the 12 months ended December 31, 2013 and three months ended March 31, 2014

(in 000's CAD) (Unaudited)

Northern Frontier has made a preliminary determination of the fair value of tangible and identifiable assets to be acquired and liabilities to be assumed in the Acquisition. The preliminary allocation of the purchase consideration, which is subject to change based on a final valuation of the assets acquired and liabilities assumed as of the closing date, will be finalized after the completion of the proposed Acquisition. The final valuation may be significantly different from the preliminary allocation presented below:

Net working capital (exclusive of cash and bank indebtedness)	\$	4,300
Property and equipment		6,116
Deferred taxes		(2,978)
Intangible assets		12,000
Goodwill		5,343
Total purchase price for Central Water Shares	\$	24,781

- (a) Represents adjustments to record the preliminary purchase price allocation for the Central Water Shares as described above and eliminate Central Water equity balances. All debt (net of cash), short-term investments and related party balances not fully offset within Central Water are being extinguished by the Vendors as part of the closing of the transaction and were therefore, also eliminated with this adjustment.
- (b) Reflects a gross adjustment of \$250, deferred tax impact of \$63, for a net adjustment of \$188 to account for the estimated direct transaction costs related to the acquisition.
- (c) Represents the issuance of 1,860,465 common shares and 1,860,465 warrants to the Vendors preliminarily allocated at \$2.11 per common share and \$0.04 per warrant for an aggregate value of \$4,000.
- (d) Reflects the impact of the Offering issued for gross cash proceeds of \$20,001 and net cash proceeds of \$18,451 after estimated issuance costs of \$1,550 (deferred tax impact on issuance costs of \$388). The Offering consists of 9,303,000 common shares and 9,303,000 warrants preliminarily allocated at \$2.11 per common share and \$0.04 per warrant.
- (e) Represents the establishment and drawdown of \$47,387 and the set-up of deferred debt issue costs of \$2,164 on new senior credit facilities expected to be available on completion of the transactions. Furthermore is represents repayment and termination of existing credit facilities outstanding of \$33,825, write-off of deferred debt issue costs of \$893 (\$670 net of tax impact of \$223), for a net adjustment of \$32,932. The repayment and termination also includes the payment of \$191 (\$144 net of tax impact of \$48) and \$2,940 (\$2,205 net of tax impact of \$735) in prepayment penalties.
- (f) Represents the gross margin impact of \$2,606 for the CRC Carve-out Assets acquired on September 27, 2013 (elimination of the related party charge to NEC of \$2,938 and realization of actual operating costs of \$332), depreciation of \$363 on the Carve-out Assets, and current tax provision of \$561 for a net profit impact of \$1,682 for the six month period ended June 30, 2013.
- (g) Represents the financial result impact of NEC's revenue of \$18,125, direct costs of \$13,371, selling, general and administrative costs of \$340, transaction costs of \$1,689, depreciation of \$1,784 and tax provision of \$588 for the 89 day period from July 1, 2013 to September 27, 2013.
- (h) Represents the gross margin impact of \$1,376 for the CRC Carve-out Assets acquired (elimination of the related party charge to NEC of \$1,542 and realization of actual operating costs of \$166), depreciation of \$181 on the Carve-out Assets, and current tax provision of \$299 for a net profit impact of \$896 for the 89 day period from July 1, 2013 to September 27, 2013.
- (i) To recognize depreciation of \$780, deferred tax reduction of \$195, for a net profit impact of \$(585) associated with the fair value increase on property and equipment acquired in the NEC acquisition for the 270 day period ended September 27, 2013.
- (j) To recognize amortization of \$1,232, deferred tax reduction of \$308, for a net profit impact of \$(924) associated with the intangible assets acquired in the NEC acquisition for the 270 period ended September 27, 2013.
- (k) To recognize amortization of \$1,714, deferred tax reduction of \$429, for a net profit impact of \$(1,286) associated with the intangible assets acquired in the Central Water acquisition for the year ended December 31, 2013. To recognize amortization of \$429, deferred tax reduction of \$107, for a net profit impact of \$(321) associated with the intangible assets acquired in the Central Water acquisition for the three months ended March 31, 2014.
- (l) To eliminate NEC finance costs of \$495, net of tax impact of \$124, as all loans and borrowings and obligations under finance leases were retired on closing.

Northern Frontier Corp.

Notes to the Pro Forma Consolidated Statement Financial Position at December 31, 2013 and Statements of Profit (Loss) and Comprehensive Income (Loss) for the 12 months ended December 31, 2013 and three months ended March 31, 2014

(in 000's CAD) (Unaudited)

- (m) To eliminate Central Water's finance costs of \$18, net of tax impact of \$5, for the year ended December 31, 2013 and to eliminate Central Water's finance costs of \$4, net of tax impact of \$1, for the three months ended March 31, 2014, as all loans and borrowings and obligations under finance leases that will be retired on closing.
- (n) To recognize finance costs of \$3,029, net of tax impact of \$757, on proposed loans and borrowings for the year ended December 31, 2013. To recognize finance costs of \$757, net of tax impact of \$189, on proposed loans and borrowings for the year ended March 31, 2014.
- (o) To reallocate amortization of \$1,064 included in direct costs of Central Water for presentation purposes for the year ended December 31, 2013. To reallocate amortization of \$262 included in direct costs of Central Water for presentation purposes for the three months ended March 31, 2014.

3. PRO FORMA SHAREHOLDERS' CAPITAL

The pro forma shareholders' capital is comprised of the following:

	Number of shares	Amount
Issued common shares		
Shares issued and outstanding on December 31, 2013	11,160,609	\$ 32,230
Shares issued to the Vendor ⁽¹⁾	1,860,465	3,920
Shares issued pursuant to the Offering ⁽²⁾	9,303,000	19,601
Share issue costs related to the Offering ⁽³⁾	-	(1,519)
Deferred tax impact of share issue costs	-	380
Pro forma balance as at December 31, 2013		
	22,324,074	\$ 54,612

Notes:

- (1) Assumes that 1,860,465 common shares are issued at \$2.11 per share.
- (2) Assumes that 9,303,000 common shares are issued pursuant to the Offering at \$2.11 per share.
- (3) Includes agency fees of 6% of gross proceeds on the \$20,001 Offering, or \$1,200 and other expenses of the Offering estimated to be \$350,000. 98% of the total issue costs have been allocated to common shares.

	Number of warrants	Amount
Issued warrants		
Warrants issued and outstanding on December 31, 2013	5,115,639	\$ 2,321
Warrants issued to the Vendor ⁽¹⁾	1,860,465	80
Warrants issued pursuant to the Offering ⁽²⁾	9,303,000	400
Warrant issue costs related to the Offering ⁽³⁾	-	(31)
Deferred tax impact of warrant issue costs	-	8
Pro forma balance as at December 31, 2013		
	16,279,104	\$ 2,778

Notes:

- (1) Assumes that 1,860,465 warrants are issued at \$0.04 per warrant.
- (2) Assumes that 9,303,000 warrants are issued pursuant to the Offering at \$0.04 per warrant.
- (3) Includes agency fees of 6% of gross proceeds on the \$20,001 Offering, or \$1,200 and other expenses of the Offering estimated to be \$350,000. 2% of the total issue costs have been allocated to common shares.

4. PRO FORMA EFFECTIVE INCOME TAX RATE

The pro forma effective income tax rate that will be applicable to the Corporation for the period is estimated to be approximately 25.0 percent.

SCHEDULE "F"
NON-GAAP MEASURES
(attached)

NON-GAAP MEASURES

The following table sets out selected unaudited supplementary financial information for Northern Frontier Corp. (the "**Corporation**" or "**Northern Frontier**"), 794522 Alberta Ltd. ("**NEC**"), CRC Open Camp and Catering Ltd. ("**CRC**") carve-out assets ("**Carve-out Assets**") and Central Water & Equipment Services Ltd. ("**Central Water**") and the pro forma consolidation of Northern Frontier, NEC, CRC Carve-out Assets and Central Water as at and for the year ended December 31, 2013 and for the three months ended March 31, 2014, as prepared by management to provide additional disclosure of non-GAAP measures.

(in 000's CAD)	As at and for the year ended December 31, 2013				
	Northern Frontier	NEC	Central Water	Pro Forma Adjustments	Pro Forma
Adjusted EBITDA	\$ 849	\$ 5,716	\$ 8,487	\$ 8,396	\$ 23,448
% of revenue	5.7%	16.8%	41.4%		26.7%
Adjusted Net Profit (Loss)	\$ (1,411)	\$ 1,690	\$ 5,448	\$ (15)	\$ 5,712
Earnings per share – basic					\$ 0.26
Working Capital	\$ 5,149	\$ -	\$ 3,660	\$ -	\$ 8,809
Funded Debt	\$ 32,723	\$ -	\$ (1,611)	\$ 5,300	\$ 36,412

(in 000's CAD)	For the three months ended March 31, 2014				
	Northern Frontier		Central Water	Pro Forma Adjustments	Pro Forma
Adjusted EBITDA	\$ 3,484		\$ 268	\$ -	\$ 3,752
% of revenue	19.5%		11.4%		18.6%
Adjusted Net Profit (Loss)	\$ 331		\$ (85)	\$ (755)	\$ (509)
Earnings per share – basic					\$ (0.02)

Adjusted EBITDA

"**Adjusted EBITDA**" is defined as earnings before interest, taxes, depreciation and amortization and other specific expenses and costs that were non-cash or considered non-operational in nature. Adjusted EBITDA is a supplemental non-GAAP financial measure that is not recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than net profit and comprehensive income or cash flows from operating activities as determined in accordance with IFRS or as an indicator of operating performance or liquidity. Management believes that Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and after adjusting for specific expenses and costs that were non-cash or considered non-operational in nature. Certain items excluded in Adjusted EBITDA are not typical in nature and are significant components in understanding and assessing an entity's historical financial performance. The computations of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies, and accordingly Adjusted EBITDA may not be comparable to measures used by other companies.

Adjusted Net Profit

"**Adjusted Net Profit**" is defined as net profit adjusted for the impact of the revenue generated by the rental of the CRC Carve-out Assets to NEC and specific expenses and costs considered non-operational in nature. Adjusted Net Profit is a supplemental non-GAAP financial measure that is not recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Adjusted Net Profit should not be considered as an alternative to, or more meaningful than net profit determined in accordance with IFRS or as an indicator of operating performance or liquidity. Management believes that Adjusted Net Profit is a

useful supplemental measure as it provides an indication of the results generated by the principal business activities after adjusting for the revenue generated by the rental of the CRC Carve-out Assets to NEC and specific expenses and costs considered non-operational in nature. The computations of Adjusted Net Profit may not be comparable to other similarly titled measures of other companies, and accordingly Adjusted Net Profit may not be comparable to measures used by other companies.

Working Capital

"Working Capital" is defined as current assets less current liabilities excluding loans and borrowings and obligations under finance lease and the following Central Water items that will be assumed by the Vendors: cash and cash equivalents; demand loan; related party advances; and loans and borrowings. Working Capital is a supplemental non-GAAP financial measure that is not recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Management believes that Working Capital provides an indication of the current liquidity available to the Corporation before consideration of debt facilities or equity financing considerations. Working Capital should not be considered as an alternative to, or more meaningful than, current assets less current liabilities ("**Net Current Assets**") as determined in accordance with IFRS. The computation of Working Capital may not be comparable to other similarly titled measures of other companies, and accordingly Working Capital may not be comparable to measures used by other companies.

Funded Debt

"Funded Debt" is defined as loans and borrowings before unamortized debt issue costs and obligations under finance lease less cash and cash equivalents. Funded Debt is a supplemental non-GAAP financial measure that is not recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Management believes that Funded Debt provides an indication of the nominal secured debt outstanding after consideration of the impact of cash on hand which could be used to reduce debt outstanding. Funded Debt should not be considered as an alternative to, or more meaningful than, loans and borrowings and obligations under finance lease as determined in accordance with IFRS. The computation of Funded Debt may not be comparable to other similarly titled measures of other companies, and accordingly Funded Debt may not be comparable to measures used by other companies.

Reconciliation of Non-GAAP Measures to Financial Statement Balances

The above supplemental financial data is reconciled below to the balances in the Unaudited Pro Forma Consolidated Statement of Financial Position at December 31, 2013 and the Unaudited Pro Forma Consolidated Statements of Profit (Loss) and Comprehensive Income (Loss) for the year ended December 31, 2013 and the Statement of Profit and Comprehensive Income for the three months ended March 31, 2014. This supplemental financial data should only be read in conjunction with the Unaudited Pro Forma Consolidated Statement of Financial Position and Statements of Profit (Loss) and Comprehensive Income (Loss), including the notes thereto, included as Schedule "E".

Adjusted EBITDA

For the year ended December 31, 2013 (in 000's CAD)	Northern Frontier	NEC	Central Water	Pro Forma Adjustments	Pro Forma
Net profit (loss) and comprehensive income (loss)	\$ (1,967)	\$ 1,690	\$ 5,823	\$ (1,282)	\$ 4,264
Add / (deduct):					
Provision for income taxes					
Current	-	424	1,840	(229)	2,035
Deferred	(713)	140	(13)	(633)	(1,219)
Finance costs	844	495	18	2,796	4,153
Depreciation	2,267	2,967	1,352	6,055	12,641
EBITDA	431	5,716	9,020	6,707	21,874
Add / (deduct):					
Costs of qualifying transaction	1,275	-	-	1,689	2,964
Share-based compensation	101	-	-	-	101
Estimate of normalized management remuneration	-	-	(500)	-	(500)
Estimate of corporate costs pre-qualifying transaction	(958)	-	-	-	(958)
Gain on sale of assets	-	-	(33)	-	(33)
Adjusted EBITDA	\$ 849	\$ 5,716	\$ 8,487	\$ 8,396	\$ 23,448
% of revenue	5.7%	16.8%	41.4%		26.7%

For the three months ended March 31, 2014 (in 000's CAD)	Northern Frontier		Central Water	Pro Forma Adjustments	Pro Forma
Net profit (loss) and comprehensive income (loss)	\$ 331		\$ 9	\$ (755)	\$ (415)
Provision for income taxes					
Current	-		5	(666)	(661)
Deferred	(43)		-	(107)	(150)
Finance costs	778		4	1,099	1,881
Depreciation	2,247		310	429	2,986
EBITDA	3,313		328		3,641
Add / (deduct):					
Share-based compensation	104		-	-	104
Estimate of acquisition transaction costs	-		86	-	86
Estimate of normalized management remuneration	-		(125)	-	(125)
Loss (gain) on sale of assets	67		(21)	-	46
Adjusted EBITDA	\$ 3,484		\$ 268	\$ -	\$ 3,752
% of revenue	19.5%		11.4%		18.6%

Adjusted Net Profit (Loss)

For the year ended December 31, 2013 (in 000's CAD)	Northern Frontier	NEC	Central Water	Pro Forma Adjustments	Pro Forma
Net profit (loss)	\$ (1,967)	\$ 1,690	\$ 5,823	\$ (1,282)	\$ 4,264
Add / (deduct):					
Costs of qualifying transaction	1,275	-	-	1,689	2,964
Estimate of normalized management remuneration	-	-	(500)	-	(500)
Estimate of corporate costs pre-qualifying transaction	(958)	-	-	-	(958)
Tax impact	240	-	123	(422)	(58)
Adjusted Net Profit (Loss)	\$ (1,411)	\$ 1,690	\$ 5,448	\$ (15)	\$ 5,712
Adjusted earnings per share					\$ 0.26

For the three months ended March 31, 2014 (in 000's CAD)	Northern Frontier		Central Water	Pro Forma Adjustments	Pro Forma
Net profit (loss)	\$ 331		\$ 9	\$ (755)	\$ (415)
Add / (deduct):					
Estimate of normalized management remuneration	-		(125)	-	(125)
Tax impact	-		31	-	31
Adjusted Net Profit (Loss)	\$ 331		\$ (85)	\$ (755)	\$ (509)
Adjusted earnings per share					\$ (0.02)

Working Capital

At December 31, 2013 (in 000's CAD)	Northern Frontier		Central Water	Pro Forma Adjustments	Pro Forma
Total current assets	\$ 14,368	\$ -	\$ 8,166	\$ 3,200	\$ 25,734
Total current liabilities	(13,317)	-	(5,387)	3,404	(15,301)
	1,051		2,779	6,604	10,434
Net current assets					
Add / (deduct):					
Cash and cash equivalents	(3,687)	-	(1,992)	(3,200)	(8,879)
Demand loan	-	-	208	(208)	-
Related party advances	-	-	2,580	(2,580)	-
Loans and borrowings	5,200	-	85	(606)	4,680
Obligations under finance lease	2,585	-	-	-	2,585
Working Capital	\$ 5,149	\$ -	\$ 3,660	\$ -	\$ 8,809

Funded Debt

At December 31, 2013 (in 000's CAD)	Northern Frontier		Central Water	Pro Forma Adjustments	Pro Forma
Current liabilities					
Demand loan	\$ -	\$ -	\$ 208	\$ (208)	\$ -
Loans and borrowings	5,200		86	(5,286)	-
Obligations under finance lease	2,585	-		-	2,585
	7,785	-	294	(5,494)	2,585
Non-current liabilities					
Loans and borrowings	27,732	-	87	12,724	40,543
	35,517	-	381	7,230	43,128
Add / (deduct):					
Cash and cash equivalents	(3,687)	-	(1,992)	(3,200)	(8,879)
Unamortized debt issue costs	893	-	-	1,271	2,164
Funded Debt	\$ 32,723	\$ -	\$ (1,611)	\$ 5,300	\$ 36,412

CERTIFICATES

Dated: August 15, 2014

CERTIFICATE OF THE CORPORATION

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

NORTHERN FRONTIER CORP.

(signed) "*Chris Yellowega*"

President and
Chief Executive Officer

(signed) "*Monty R. Balderston*"

Executive Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(signed) "*Trevor Haynes*"

Director

(signed) "*Darin Coutu*"

Director

CERTIFICATE OF THE PROMOTERS

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by securities legislation in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and the respective regulations thereunder.

(signed) "*John R. Jacobs*"

John R. Jacobs

(signed) "*Bradford N. Creswell*"

Bradford N. Creswell

CERTIFICATE OF THE UNDERWRITERS

Dated: August 15, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

(signed) "*Chris Shaw*"

Cormark Securities Inc.

(signed) "*Kelly Hughes*"

Acumen Capital Finance Partners Limited

(signed) "*Jason Robertson*"

GMP Securities L.P.

(signed) "*Tom Kofman*"

M Partners Inc.