2017 Annual Report

The experience is everything.

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LETTER TO SHAREHOLDERS

In 2017, Canlan started to see positive results from all the work done over the past several years to overcome challenges faced in our industry. With a major focus on demographics, economic and sporting trends, we've been able to make positive, proactive changes to combat these challenges and capitalize on new and exciting opportunities that we see coming on the horizon.

One particular challenge we have focused on is the cost of electricity. We have deployed significant resources towards reducing energy consumption and to mitigate the effects of increasing utility costs across Canada and the USA. By developing a long term investment strategy focused on replacing legacy refrigeration plants with new technology and formulating advanced operating methods, we have improved facilities' ice quality while significantly reducing utility expenses and Canlan's overall carbon footprint. In 2017 alone, electricity consumption was reduced by approximately 9%, which represented a decrease in utility expenses of $0.6 million or 7%.

In response to changing market needs, another significant project has been the establishment of non-ice Sportsplex facilities where we have concentrated on solidifying the business model over the past several years. In 2017, through the exceptional efforts of our team, our two Sportsplex facilities achieved year-over-year revenue growth of 11% and an increase in operating earnings of 47%. We recognize much more opportunities still exist in this relatively new business area for Canlan.

For the organization overall, revenues of $85.4 million increased by $2.3 million or 2.8% compared to 2016. This level sets another record high for Canlan. Also, a record EBITDA of $12.8 million rose by $0.6 million or 5.1% compared to 2016 and net earnings reached $3.6 million or $0.27 per share compared to $1.3 million or $0.10 per share a year ago. These were notable achievements that can be credited to the dedication of our team to focus on customer service and cost management.

Our leaders and employees continue to impress with their passion and commitment. We have some of the top innovative minds here at Canlan and we push ourselves to seek new ways to improve our business. Aside from energy conservation and Sportsplex facilities, we have made great strides in developing our Canlan Classic Tournaments division that continues to set records in the number of teams that participate in our events. In light of that success, we've developed a Sport Tourism division, which will focus on bringing families, teams and associations from overseas to experience ice, turf and court sports in North America at Canlan facilities while we facilitate their entire sports and tourism experience. This is just one more example of the positive proactive changes we are making to capitalize on opportunities that exist inside and outside our direct markets.

The core of our business is still ice and the sport of hockey. We have developed some valuable strategic partnerships that position Canlan at the forefront of the recreational ice sports industry allowing us to drive positive change around the game. Our Adult Safe Hockey League is always undergoing innovative changes and our youth and instructional programs are a major focal point of significant growth potential. We will continue to challenge the status quo within our operations and within our industry and the feedback we garner from our customers helps to guide us on how we can take their recreational sports experience to the next level. "Where the Experience is Everything" is our motto and healthy competition constantly raises the bar, which means we must remain steadfast to being a company that not only responds to change, but one that drives change.

We are grateful for our loyal customers, employees, partners and shareholders. To all of you we say thank you and we remain committed to doing our very best to making your experience nothing less than exceptional.

Sincerely,

Joey St-Aubin
President and Chief Executive Officer

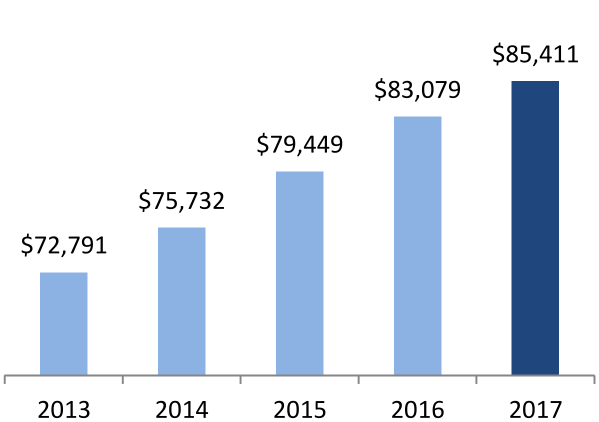
FACILITY LOCATIONS

PROVINCE /STATE	METROPOLITAN AREA	FACILITY NAME		FEATURES
British Columbia	Greater Vancouver Area	Burnaby 8 Rinks	(1)	7 ice rinks & 1 indoor soccer field
		Ice Sports North Shore	(4)	3 ice rinks
		Ice Sports Langley Twin Rinks	(2)	2 ice rinks
	Interior British Columbia	South Cariboo Recreation Centre	(3)	1 ice rink
		Armstrong/Spallumcheen Parks & Recreation	(3)	1 ice rink & 1 outdoor pool
Alberta	Calgary	Great Plains Recreation Facility	(4)	2 ice rinks
Saskatchewan	Saskatoon	Ice Sports Jemini	(1)	4 ice rinks
		Ice Sports Agriplace	(1)	2 ice rinks
Manitoba	Winnipeg	Ice Sports Winnipeg	(1)	3 ice rinks & 1 indoor soccer field
Ontario	Greater Toronto Area	Ice Sports Etobicoke	(1)	4 ice rinks
		Ice Sports Oakville	(1)	4 ice rinks
		Ice Sports Scarborough	(1)	4 ice rinks & 1 sport court
		Ice Sports Victoria Park	(2)	2 ice rinks
		Ice Sports York	(2)	6 ice rinks
		Ice Sports Oshawa	(1)	2 ice rinks & 6 beach volleyball courts
		Canlan Sportsplex Mississauga	(2)	2 soccer fields & 4 sport courts
Quebec	Montreal	Les 4 Glaces	(1)	4 ice rinks
Illinois	Chicago	Ice Sports Romeoville	(1)	3 ice rinks
		Canlan Sportsplex Lake Barrington	(1)	1 soccer field (FIFA size) 2 baseball diamonds 2 multi-sport gymnasiums & 1 fitness gym
Indiana	Fort Wayne	SportONE/Parkview Icehouse	(1)	3 ice rinks

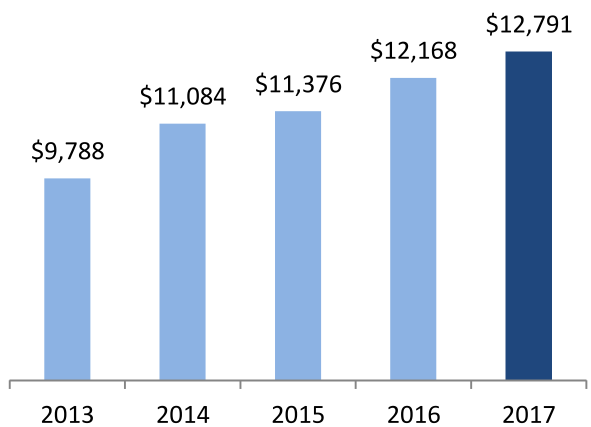
(1) Owned Property (2) Leased Property (3) Managed Property (4) Operating Agreement

FINANCIAL HIGHLIGHTS

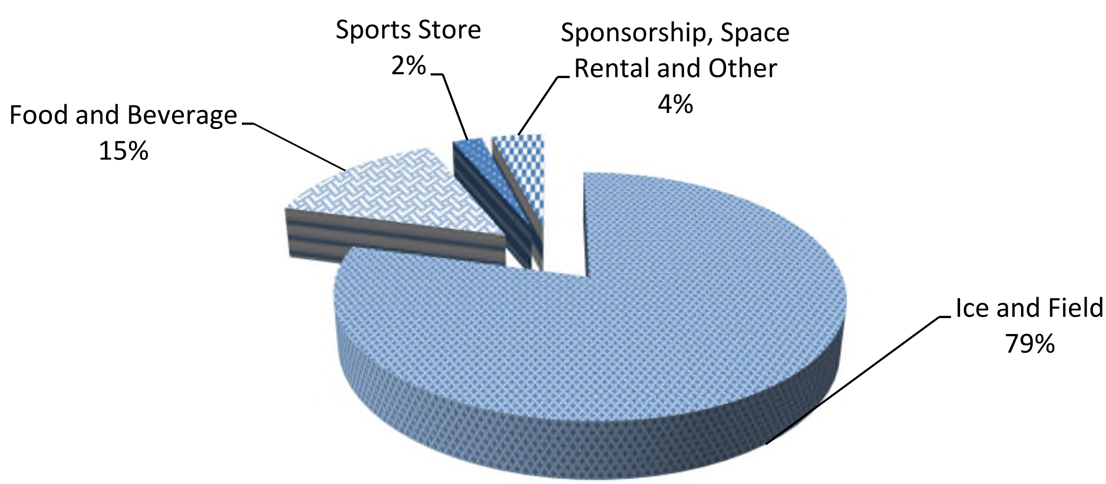
in thousands, except per share information	2017	2016	2015
Revenue	$85,411	$83,079	$79,449
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$12,791	$12,168	$11,376
Net earnings (loss) before taxes	$4,733	$1,017	($3,605)
Net earnings (loss)	$3,557	$1,294	($3,602)
Total assets	$125,720	$125,559	$120,604
Shareholders' equity	$45,198	$43,565	$43,728
Earnings (loss) per common share	$0.27	$0.10	($0.27)
Shareholders' equity per share	$3.39	$3.27	$3.28
Weighted average common shares	13,337,448	13,337,448	13,337,448



Revenue (in thousands)



EBITDA (in thousands)



Sources of Revenue

Canlan Ice Sports Corp.
Management's Discussion and Analysis

The following management's discussion and analysis (MD&A) summarizes significant factors affecting the consolidated operating results and financial condition of Canlan Ice Sports Corp. ("Canlan", the "Company", "we" "our" or "us") for the years ended December 31, 2017 and 2016. This document should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2017 and 2016 and accompanying notes. The results reported herein have been prepared in accordance with International Financial Reporting Standards ('IFRS') and are presented in Canadian dollars.

In the following discussion, we define EBITDA as earnings before interest, taxes, depreciation and amortization. In addition, the term free cash flow is used, which we calculate as cash flow from operations less capital expenditures minus any proceeds from the disposition of capital assets. However, EBITDA and free cash flow are not terms that have specific meaning in accordance with IFRS, and may be calculated differently by other companies. The Company discloses EBITDA and free cash flow because these are useful indicators of operating performance and liquidity.

Additional information relating to our Company, including quarterly reports and our annual information form, is filed on SEDAR and can be viewed at www.sedar.com and our website www.icesports.com.

The date of this MD&A is March 22, 2018.

Forward Looking Statements

Certain statements in this MD&A may constitute "forward looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. These forward looking statements involve a number of risks and uncertainties. Some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward looking statements are the effects of, as well as changes in: international, national and local business and economic conditions; political or economic instability in the Company's markets; competition; legislation and governmental regulation; and accounting policies and practices. The foregoing list of factors is not exhaustive. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements.

Summary of 2017

- Revenue of $85.4 million increased $2.3 million or 2.8% compared to 2016;
- Operating margin for 2017 increased to 21.9% from 20.9% a year ago;
- EBITDA of $12.8 million rose $0.6 million or 5.1% compared to 2016;
- Cash flow from operations exceeded $10.0 million for the first time; and
- Total utilities expenses were reduced by $0.6 million or 6.8% compared to 2016 as investments in new capital equipment are starting to achieve expected returns.

Overview of the Company

Canlan Ice Sports Corp. is a leading operator of ice rink and multi-purpose recreational facilities. The Company's head office is located in its Burnaby, B.C. sports complex and it maintains a second corporate office at its Ice Sports York location in Toronto, Ontario. We currently have approximately 1,100 full time and part time employees working in our facilities.

As at the date of this MD&A the Company owns, leases or manages a network of 20 facilities in Canada and the United States containing playing surfaces as outlined below. The Company owns 12 of these facilities containing 1.4 million square feet of space situated on 157 acres of land. One facility is operated under a long-term land lease arrangement, two facilities under operating agreements with municipalities and a further three facilities under operating leases. We also manage two facilities on behalf of municipalities.

We operate primarily in the sports and recreation industry, with a focus on ice, turf and court sports. Our largest single revenue source within this segment is adult hockey, catering to both men and women operating under the Adult Safe Hockey League (ASHL) brand. Approximately 40% of our ice and field revenue is generated by the ASHL.

The Company's facility portfolio over the past five years, including all owned, leased and managed properties, is as follows:

	Number of Facilities	***Surfaces***
2017	**20**	**77**
2016	20	77
2015	21	83
2014	20	81
2013	18	68

A more detailed summary of the current locations of our facilities is as follows:

Canada:	**Facilities**	**Ice Surfaces**	**Indoor Turf Fields**	**Courts** [a]	**Total Playing surfaces**
British Columbia	5	14	1	-	15
Alberta	1	2	-	-	2
Saskatchewan	2	6	-	-	6
Manitoba	1	3	1	-	4
Ontario	7	22	2	11	35
Quebec	1	4	-	-	4
	17	**51**	**4**	**11**	**66**
USA:					
Illinois	2	3	1 [b]	4	8
Indiana	1	3	-	-	3
	3	**6**	**1**	**4**	**11**
	20	**57**	**5**	**15**	**77**

Note

a) Includes 3 indoor volleyball courts, 6 outdoor beach volleyball courts, 4 basketball courts and 2 sport courts

b) This is a FIFA regulation field

About Canlan

Canlan is a publicly traded Canadian Company with its shares listed on the Toronto Stock Exchange (TSX) using the trading symbol **ICE**. Canlan's shares were first listed for trading on March 1, 1990.

There are approximately 13.3 million shares outstanding and have traded in the $3.83 to $3.98 range since December 31, 2017. The Company has not issued any shares from treasury since November 2004.

The Company derives revenue from six primary sources:

1. **Ice and field sales**
   Revenue from ice and field rentals (together called "ice rentals" or "ice sales"), and internal programming.

2. **Food and beverage**
   Sales from our licensed restaurants and concession operations inside our facilities.

3. **Sports stores**
   Sales and rental of sports equipment and apparel, and skate sharpening services.

4. **Management and consulting**
   Fees from managing facilities owned by third parties and consulting engagements completed by our Partnership Solutions Division.

5. **Sponsorship**
   Revenue from sponsorship and advertising sales.

6. **Space rental**
   Rental of space inside our facilities.

Vision, Core Business and Strategy

Canlan will strive to be:

> **"A high performance industry leader, passionately committed to providing exceptional customer experiences, every time."**

The Company's goal is to leverage its position in the North American recreation industry by continuing to focus on both organic growth and expansion through acquisition and long term lease. While our largest single market segment is adult recreational hockey leagues, we are focused on increasing utilization in other important segments including skating and hockey schools, soccer programs, court sports such as volleyball and ball hockey, specialty sports leagues and camps, and hockey tournaments. By providing quality products and services in clean, safe facilities, we still have capacity to grow our existing revenue base by providing value added services to our customers. At the same time, we actively seek opportunities to expand our business through acquisition, partnership solutions with third parties, or leasing facilities. Expansion objectives are to achieve a high return on investment and penetrate strategic markets.

We have developed six critical success factors supported by specific project initiatives that help the organization reach our goals:

1) **Sales and Marketing** - Cutting edge marketing that maximizes brand awareness, revenue and customer loyalty.

2) **Customer Experience** – Exceptional service delivered by well-trained and motivated staff, which results in consistently great experiences.

3) **New Ventures & Innovation** - Proactively seek out new opportunities that drive revenue and income growth.

4) **Operational Excellence** – Highly efficient and effective facility operations using industry–leading technology, streamlined process and consistent best practices.

5) **People & Leadership** – Strong leadership and highly dedicated people accountable for delivering outstanding customer experiences and business results.

6) **Culture** – High energy action-oriented culture that has a strong foundation in team-work, pride, respect and accountability.

Management continues to focus on carrying out these initiatives that are connected with these critical success factors. Over the past five years, several new ventures have been established and operational improvements have been achieved through strategic capital investments.

The Marketplace and Our Competition

Canlan's current marketplace is recreation, and we understand that we compete for market share with other sports and activities, some of which have lower participation costs. Our largest customer segment is adult hockey players. This segment of our business represents 40% of our total ice and field revenue from rentals and programming, or $27.1 million. It also represents 32% of total revenue.

Canlan's largest competition is from municipalities and private league operators. Local governments cater primarily to their constituents who are usually made up of minor hockey and other amateur user groups. There are many private league operators in Canada that purchase ice time from local rinks and run adult leagues, and in some markets, there have been private operators that have constructed new ice rink facilities and operate competing leagues that capture market share. However, Canlan has various competitive advantages, one of which is that we control the ice inventory in our facilities, enabling us to schedule ice times efficiently and provide quality ice times where deemed most appropriate. In addition, our adult hockey leagues offer a level of fair competition and service that helps retain customers. Finally, our facilities are generally full-service sports & entertainment centers where we incorporate retail and food & beverage services into the customers' experience.

Competitive Strengths

The Company believes that it has the following competitive strengths:

- ***Our Team***. Canlan currently has 1,100 full and part time dedicated employees in Canada and the USA. Through training and internal communications, we have established Canlan as the place to work in our segment and we attract skilled people in the industry. Our employees have industry-specific knowledge and are focused on providing quality customer service and a safe environment. In addition, Canlan's executive team is comprised of eight individuals who plan and monitor operations in all departments, sets policies, and continually assesses future growth strategies. These individuals have extensive expertise in facility operations, sales, marketing, customer service, finance and human resources.

- ***Adult Safe Hockey League (ASHL)***. The Company operates one of the largest adult recreational hockey leagues in North America. The ASHL offers superior services and fair competition in a fun environment. It operates year-round and has approximately 65,000 players registered for the winter and summer seasons in various divisions based on skill and age.

- ***Diversified Recreation***. In addition to ice surfaces, the Company also operates turf fields and sport courts on which many other sports can be played such as, but not limited to, soccer, volleyball, basketball, and ball hockey. This enables the Company to diversify its product offerings and expand its market reach to various demographic groups.

- ***Geographic Coverage***. Canlan currently owns and operates facilities in six provinces in Canada and two U.S. states giving us broad geographic coverage. Our geographic diversity and wide customer base help to mitigate the effects of economic cycles.

- ***Buying Power***. As a result of being geographically diversified, and having significant product volumes in a number of categories, we are able to negotiate national supply agreements for preferred pricing.

Selected Financial Information

The following selected consolidated financial information as at December 31, 2017, 2016, and 2015 and each of the quarters and years then ended has been derived from our 2017 and 2016 annual and interim consolidated financial statements. This data should be read together with those financial statements.

	(unaudited) Quarter ended December 31		*(audited)* Year ended		
in thousands, except earnings per share	**2017**	2016	**2017**	2016	2015
Statement of Operations Data:					
Total revenue	**$ 24,278**	$ 23,845	**$ 85,411**	$ 83,079	$ 79,449
Direct expenses [(1)]	**(16,702)**	(17,212)	**(66,701)**	(65,717)	(63,769)
General & administration expenses	**(2,074)**	(1,336)	**(5,919)**	(5,194)	(4,304)
EBITDA	**5,502**	5,297	**12,791**	12,168	11,376
Other expenses:					
Depreciation	**(1,706)**	(1,800)	**(6,951)**	(7,017)	(6,954)
Finance costs	**(511)**	(534)	**(2,117)**	(4,888)	(2,888)
Foreign exchange gain (loss)	**3**	8	**(24)**	474	(1,053)
Impairment loss	**-**	-	**-**	-	(4,070)
Gain on financial assets held for trading	**85**	1,056	**1,027**	259	-
Gain (loss) on sale of assets	**-**	-	**7**	21	(16)
Tax recovery (expense)	**(939)**	(1,790)	**(1,176)**	277	3
Net earnings (loss)	**$ 2,434**	$ 2,237	**$ 3,557**	$ 1,294	$ (3,602)
Other comprehensive income (loss)	**37**	281	**(857)**	(390)	3,612
Total comprehensive income	**$ 2,471**	$ 2,518	**$ 2,700**	$ 904	$ 10
Basic and fully diluted earnings (loss) per share	**$ 0.18**	$ 0.17	**$ 0.27**	$ 0.10	$ (0.27)
Balance Sheet Data:					
Cash and cash equivalents			**$ 18,629**	$ 16,335	$ 10,065
Current assets (excluding cash)			**6,028**	4,651	4,358
Capital assets			**99,146**	102,500	104,205
Other assets			**1,917**	2,073	1,976
Total assets			**$ 125,720**	$ 125,559	$ 120,604
Current liabilities, excluding debt			**$ 23,314**	$ 22,090	$ 20,457
Mortgage debt			**53,679**	55,593	53,152
Equipment leases			**2,341**	3,413	2,610
Deferred tax liabilities			**1,188**	898	657
Total liabilities			**80,522**	81,994	76,876
Shareholders's equity			**45,198**	43,565	43,728
			$ 125,720	$ 125,559	$ 120,604
Dividends declared and paid			**$ 1,067**	$ 1,067	$ 1,067

(1) Direct expenses include all operating costs related to the operation of our facilities.

Review of Fiscal 2017 Operations

Revenue

Total revenue of $85.4 million increased by $2.3 million or 2.8% compared to 2016.

Approximately 79% or $67.7 million (2016 - $65.5 million) of the Company's total revenue is generated from ice and field activities. In-house programming accounts for approximately 72% of this revenue source and gives us a distinct advantage over third-party rentals because it enables us to manage ice and field inventory based on demand, which results in increased margins. Canlan's largest internal program is the Adult Safe Hockey League.

The Adult Safe Hockey League

The ASHL operates in two seasons: 1) the fall/winter season from September to April and; 2) the spring/summer season from May to August.

In 2017, the ASHL generated revenue of $27.1 million compared to $26.4 million in 2016, which represents an increase of $0.7 million or 2.8%. The increase was mainly due to pricing, modest volume growth in certain regions, and the spring and summer league that our Great Plains Recreation Facility added since operation commenced in September 2016.

The ASHL experiences competition from other league and rink operators, but management continues to focus on enhancing the experience of players, whether it be the team administration process, game play, playoff formats, or post-game social networking. This is critical to maintaining our position as leaders in the adult recreation hockey market.

The Youth Hockey League and 3 on 3

In addition to the ASHL, Canlan also operates a variety of youth leagues in the spring and summer seasons. These leagues are designed for minor hockey players who wish to continue playing after the regular fall/winter season ends. We offer both the traditional "5 on 5" formats through the Youth Hockey League, as well as a "3 on 3" league for those players looking for more speed in the game.

In the U.S. locations, our facilities are associated with minor hockey organizations in their local communities and revenues are earned from a combination of ice rentals to minor hockey associations, and registration fees for youth hockey teams and programs that we operate internally.

Youth hockey league revenue of $3.9 million decreased by $0.2 million or 5.6% compared to 2016 mainly due to increased competition and market changes in certain regions.

Canlan Camps, Hockey and Skating Academies

Canlan offers a variety of developmental programs through our branded Canlan Camps and Hockey and Skating Academies. Canlan Camps operate primarily in the summer months directed at the youth market, with a focus on hockey skills development and fun activity in various other sports.

Hockey and Skating Academies for adult and youth operate throughout the year and weekly classes are held to teach everything from learn-to-skate and figure skating, to power skating and team tactics. The growth opportunities of these programs are concentrated in the summer season when ice inventory is available and the youth population is generally not in school.

In 2017, these programs generated $7.7 million in gross revenue; an increase of $0.2 million or 2.4% from 2016 mainly due to pricing.

Tournaments

Tournament revenue of $3.1 million remained consistent with prior year. Canlan runs a high-volume in-house tournament business that reduces our reliance on third party tournament operators during the summer and shoulder seasons. While the majority of our tournaments are held in Canlan facilities, which increase our ice utilization, we also hold a number of destination tournaments in third party arenas to add variation to our product offerings.

Contract Ice, Field and Court Rentals

After providing the necessary allocation of ice, field and court times to operate our in-house programs, we rent ice, fields and courts to third parties. Ice, field and court time are used by private groups, minor hockey associations, third party tournaments and camp operators as well as some adult leagues. Overall, third party contracts accounted for $19.2 million in 2017; an increase of $1.1 million or 5.9% from $18.1 million in 2016 mainly due to increased volume and pricing. Great Plains Recreation Facility, during its first full year of operations, also contributed to our third-party contract revenue growth as it works closely with the local minor hockey organizations to provide ice time for their teams.

Soccer

Canlan operates five indoor soccer fields: one in Burnaby, B.C., one in Winnipeg, Manitoba, two in Sportsplex Mississauga, Ontario, and one FIFA-sized field in Lake Barrington, Illinois. Total soccer revenue of $2.7 million in 2017 increased by $0.1 million or 2.6% from 2016 mainly due to price increase and higher registrations in adult and youth indoor soccer leagues.

Similar to the ASHL on ice, a significant portion of prime-time utilization of these synthetic turf fields is comprised of indoor soccer leagues, branded the “AISL”. In addition, we have secured field rental contracts with large youth and adult soccer associations that utilize prime and off-prime field times.

Revenue generated from activity on our ice rinks and soccer fields are broken down as follows:

	2017		2016	
in thousands	**Revenue**	**% of total**	Revenue	% of total
Adult hockey leagues	**$ 27,103**	**40**	$ 26,370	40
3rd party contract users	**19,153**	**28**	18,079	28
Camps, hockey & skating schools	**7,737**	**11**	7,558	12
Youth hockey leagues	**3,854**	**6**	4,083	6
Public programs & spot rentals	**3,333**	**5**	3,139	5
Tournaments	**3,091**	**5**	3,053	4
Soccer field rentals and leagues	**2,713**	**4**	2,644	4
Other	**674**	**1**	595	1
	$ 67,658	**100**	$ 65,521	100

Food & Beverage (F&B)

Revenue from our 17 restaurant and concession operations was $12.3 million in 2017, increased by $0.2 million or 2.0% from 2016.

We operate all our restaurants in-house to ensure our customers receive quality products and service. The product mix between food sales and liquor sales, which was 55% and 45% respectively, remained relatively consistent with 2016. The main drivers for F&B revenue are adult league players and tournament traffic that play in our venues. Accordingly, regions that experienced increases in league and tournament traffic had F&B revenue growth that was offset by the regions that experienced declines.

Management is focusing on menu offerings, pricing, and loyalty and promotional programs to improve the customer experience in our restaurants.

Food and beverage sales accounted for 14% of total revenue which is consistent with 2016.

Sports Stores

During the year, Canlan operated eight sports stores that sell equipment, apparel, and skate sharpening services in our buildings. The Company rents to third party store operators under long term leases in another five facilities. Our sports stores generated $2.0 million in gross sales in 2017, compared to $1.9 million in 2016. Sports store revenue represents 2% of total revenue. Skate sharpening revenue was $0.5 million, unchanged from 2016. As with F&B, retail sales is largely dependent on ice utilization traffic.

Management Contracts

Management services revenue is comprised of fees for managing recreation facilities on behalf of owners and one-time consulting engagements. Management fee revenue of $0.3 million decreased by $0.2 million compared to 2016 mainly due to two management contracts ended at the close of 2016. The Company is currently involved in two management contracts in British Columbia.
On July 7, 2016, Canlan entered into an operating agreement with a municipality to operate a two-pad ice rink facility in Calgary, Alberta for a term of 25 years. Ownership of the facility will not transfer to Canlan; however, an income sharing arrangement with the municipality forms part of the agreement. Certain furniture, fixtures and equipment will be purchased by the Company such as ice resurfacers, kitchen equipment, computers, and furniture. The operation of this facility since commencement in September 2016 has met management's expectation.

Sponsorship and Space Rental

In many facilities, we rent space to complimentary types of businesses and we also sell advertising space to third party sponsors as ancillary sources of revenue. Sponsorship and space rental revenue of $2.6 million rose by $0.2 million or 7.4%. The increase was contributed by increased rental rates and the first full year rental in an additional rental space developed in one of our facilities in prior year.

Other Revenue

Other revenue of $0.6 million in 2017 remained steady with 2016. Other revenue includes commissions received on vending machines plus fees Canlan earns from the registration and operation of affiliate adult recreation hockey leagues across Canada. These affiliate leagues are not part of the ASHL but are members of Canlan's Adult Safe Hockey Network.

Revenue by business segment and geographic region are as follows:

in thousands		**2017** **Sales**	**% of total**		2016 Sales	% of total
Ice and Field Sales	**$**	**67,658**	**79**	$	65,521	79
Food and Beverage		**12,317**	**14**		12,080	15
Sports Store		**1,965**	**2**		1,940	2
Sponsorship		**1,258**	**2**		1,242	1
Space Rental		**1,311**	**2**		1,150	1
Management & Consulting Fees		**262**	**-**		466	1
Other		**640**	**1**		680	1
	$	**85,411**	**100**	$	83,079	100

in thousands		**2017** **Sales**	**% of total**		2016 Sales	% of total
Canada:						
British Columbia	**$**	**18,112**	**21**	$	18,022	22
Alberta		**1,662**	**2**		572	1
Saskatchewan		**7,038**	**8**		7,148	9
Manitoba		**4,509**	**5**		4,445	5
Ontario		**39,463**	**47**		37,907	45
Quebec		**4,477**	**5**		4,690	6
		75,261	**88**		72,784	88
USA		**10,150**	**12**		10,295	12
	$	**85,411**	**100**	$	83,079	100

Revenue by Quarter

The Company recorded the following revenue by quarter in 2017. The revenue stream is somewhat seasonal with 58% of the Company's revenue being generated in the fall and winter months (first and fourth quarters) and 42% in the spring and summer seasons (second and third quarters).

in thousands		**2017** **Revenue**	**% of total**		2016 Revenue	% of total
Q1	**$**	**25,147**	**30**	$	24,231	29
Q2		**18,616**	**22**		18,182	22
Q3		**17,370**	**20**		16,821	20
Q4		**24,278**	**28**		23,845	29
	$	**85,411**	**100**	$	83,079	100

Direct Operating Costs

Total facility operating costs of $66.7 million in 2017 increased by $1.0 million or 1.5% compared to 2016, mainly due to an increase in labour costs and property tax expense, partially offset by reduced utility expenses.

Labour costs increased by $1.3 million or 4.0% mainly due to annual wage increments in the normal course of business and a full year of salaries and wages at the Great Plains Recreation Facility that was opened in September 2016. Labour is our largest expense and represents 49% of our direct operating costs which was consistent with 2016. We continuously monitor labour rates to stay competitive in all markets. Four of our facilities are subject to collective agreements with three different unions.

Property tax increased by $0.4 million or 12.6% mainly due to the addition of the Great Plains Recreation Facility.

Utility expense decreased by $0.6 million or 6.8% from 2016. Despite the addition of a full year of energy costs from the Great Plains Recreation Facility, we managed to reduce electricity consumption in 2017 due to a variety of energy savings initiatives and equipment replacement projects completed in the last few years.

Facility operating costs are less seasonal than revenue, as our business does have a fixed cost component to it.

		2017			2016	
in thousands		**Costs**	**% of total**		Costs	% of total
Q1	**$**	**17,132**	**26**	$	16,331	25
Q2		**16,869**	**25**		16,233	25
Q3		**15,998**	**24**		15,941	24
Q4		**16,702**	**25**		17,212	26
	$	**66,701**	**100**	$	65,717	100

Operating Margin before General and Administration expenses

Operating margin is calculated as revenue less operating expenses expressed as a percentage of revenue. Operating margin for 2017 increased to 21.9% from 20.9% a year ago.

U.S. Facility Operations

In the United States, the Company owns and operates ice rink facilities in Fort Wayne, Indiana, and Romeoville, Illinois. A non-ice multi-sport complex is also owned and operated in Lake Barrington, Illinois.

Overall, U.S. operations have stabilized over the past two years and the focus now is on steadily growing the revenue base through strong program execution and good cost management through energy savings initiatives and labour efficiencies.

General and Administration Expenses

Corporate G&A expenses of $5.9 million increased by $0.7 million or 14.0% compared to 2016 mainly due to increased labour and consulting costs. Corporate labour costs rose mainly due to higher performance-based compensation compared to 2016. Increased consulting fees were incurred related to specific strategic projects that were completed during the year. G&A expense represented 6.9% of total revenue in 2017 compared to 6.3% of total revenue in 2016.

G&A expenses throughout the year are as follows:

		2017			2016	
in thousands		**Expense**	**% of total**		Expense	% of total
Q1	**$**	**1,402**	**24**	$	1,256	24
Q2		**1,299**	**22**		1,493	29
Q3		**1,144**	**19**		1,109	21
Q4		**2,074**	**35**		1,336	26
	$	**5,919**	**100**	$	5,194	100

EBITDA

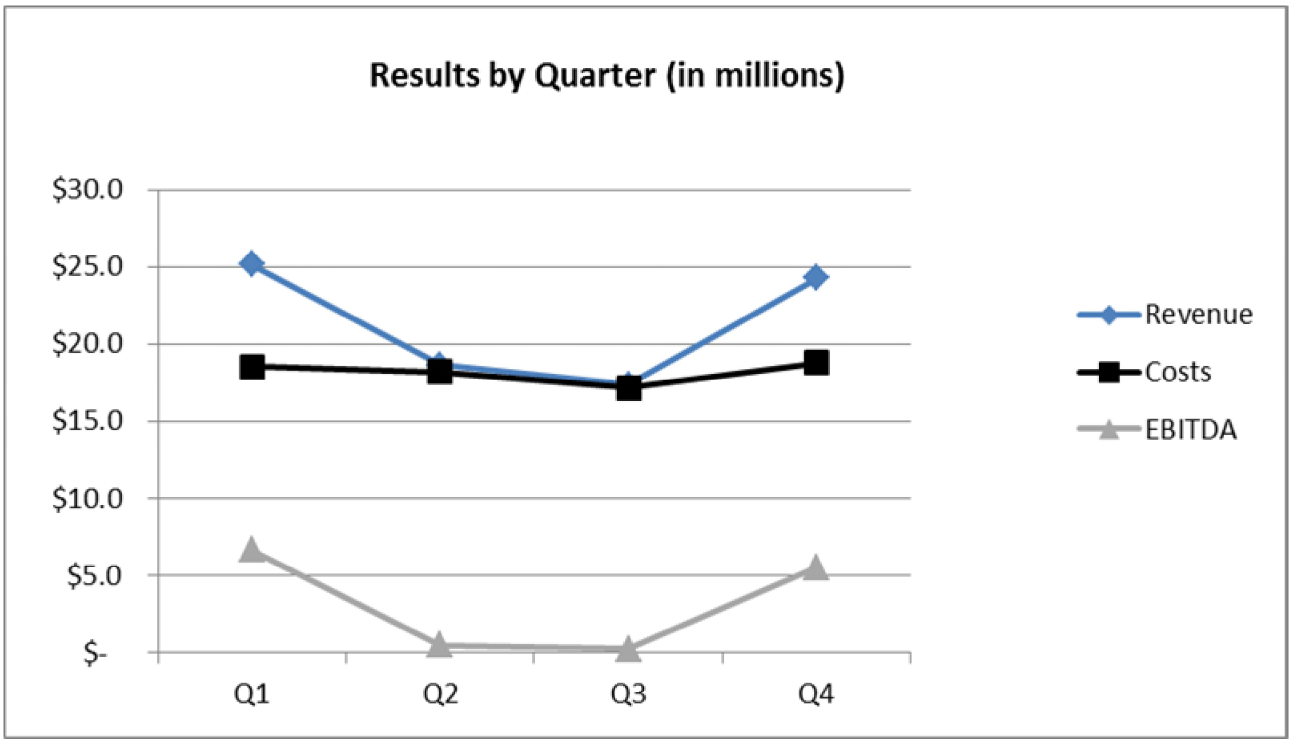
After accounting for ice rink operating costs of $66.7 million (2016 - $65.7 million) and G&A expenses of $5.9 million (2016 - $5.2 million), EBITDA was $12.8 million; an increase of $0.6 million or 5.1% compared to 2016.

The Company's EBITDA by quarter was as follows:

		2017			2016	
in thousands		**EBITDA**	**% of total**		EBITDA	% of total
Q1	**$**	**6,613**	**52**	$	6,644	55
Q2		**448**	**3**		456	4
Q3		**228**	**2**		(229)	(2)
Q4		**5,502**	**43**		5,297	43
	$	**12,791**	**100**	$	12,168	100

The seasonality of the Company's EBITDA is a direct result of seasonal revenue stream combined with a cost structure that is relatively fixed.

This trend is illustrated as follows:



Gross Margin

Gross margin is calculated as revenue less operating and G&A expenses, expressed as a percentage of revenue. Gross margin for 2017 was 15.0% compared to 14.6% in 2016.

Non-operating Expenses

Depreciation

Depreciation expense of $7.0 million remained consistent with 2016.

The Company's depreciation policy was unchanged during the year. The policy calls for straight-line depreciation of facility assets over periods ranging from five to forty years.

Finance Income and Costs

Finance income and costs mainly consist of interest income earned on cash on hand, interest expense on mortgage debt and finance leases, amortization of deferred financing costs, and unrealized mark-to-market gains on an interest rate swap contract (see **Financial Instruments** below for further details).

Net finance costs were $1.1 million compared to $4.6 million a year ago. In 2016, a debt-retirement fee of $2.3 million was included in the finance costs but not required in 2017. See **Review of Liabilities and Shareholders' Equity –** *Mortgages* below for further details. The unrealized mark-to-market gain on an interest rate swap contract was $1.0 million compared to $0.3 million in 2016.

A breakdown of our net finance cost is as follows:

in thousands	**2017**	2016
Mortgage interest	**$ 1,933**	$ 2,240
Debt retirement fee	**-**	2,318
Interest income	**(124)**	(66)
Equipment lease interest	**138**	131
Gain on financial assets held for trading	**(1,027)**	(259)
Amortization of deferred financing costs and other	**170**	265
	$ 1,090	$ 4,629

At year end, the Company had interest bearing, mortgage secured debt totaling $53.7 million (2016 – $55.6 million).

The Company has fixed the interest rate on 66% of its mortgage debt, or $35.5 million at a weighted average rate of 3.52%. Debt with variable interest rates consists of $11.4 million at the Prime rate plus 0.50%, and $7.1 million at LIBOR plus 2.50%.

Costs related to debt financing are amortized using the effective interest rate method in accordance with IFRS and classified as interest expense. In 2017, total financing fees expensed was $81,000 compared to $176,000 in 2016.

Net Earnings Before Income Taxes

Net earnings before income taxes was $4.7 million in 2017 compared to $1.0 million in 2016. A one-time $2.3 million debt-retirement fee was incurred in 2016.

Taxes

In 2017, a net tax expense of $1.2 million that comprised of $0.8 million of current tax expense and $0.4 million of deferred tax expense was recorded.

Each year, management reviews assumptions regarding deferred income tax assets and liabilities to ensure that the reported balances appropriately reflect tax benefits available to offset future income taxes and future reversal of those benefits. The deferred tax assets and liabilities mainly resulted from the timing difference between tax and accounting depreciation, and the timing difference of deferred revenue.

Prior to 2016, U.S. operations incurred losses that created non-capital loss carry-forwards of approximately $9.0 million that are available to offset future taxable income in the United States. The Company is permitted to recognize deferred tax assets to the extent of the amount of taxable income that will be probable in future years. In 2017, the Company recognized $0.1 million of deferred tax benefits based on the Company's estimation of 2017 taxable income and probable taxable income in future years. The remaining losses carried forward have not been recognized as deferred tax assets at December 31, 2017.

Net Earnings

Net earnings after tax for the year ended December 31, 2017 was $3.6 million or $0.27 per share, compared to $1.3 million in 2016 or $0.10 per share.

Foreign Currency Translation and Other Comprehensive Income

Other comprehensive income comprises foreign currency translation adjustments related to the Company's U.S. subsidiaries. Other comprehensive loss in 2017 was $0.9 million (2016 – $0.4 million).

Transactions in U.S. dollars that are not part of the Company's U.S. subsidiaries, are recognized at the rates of exchange prevailing at the date of the transaction. In addition, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the period end date. As a result foreign currency differences arising on the retranslation are recognized in net earnings.

Summary of Operations
For the years ended December 31
in thousands

	2017	2016	2015
Revenue	**$ 85,411**	$ 83,079	$ 79,449
Expenses	**66,701**	65,717	63,769
Earnings from operations	**18,710**	17,362	15,680
General & administration	**5,919**	5,194	4,304
EBITDA	**12,791**	12,168	11,376
Other expenses (income)			
Depreciation	**6,951**	7,017	6,954
Loss (gain) on sale of assets	**(7)**	(21)	16
Impairment loss	**-**	-	4,070
Foreign exchange (gain) loss	**24**	(474)	1,053
	6,968	6,522	12,093
Finance costs (income)			
Finance costs	**2,241**	2,636	2,950
Debt retirement fee	**-**	2,318	-
Finance income	**(124)**	(66)	(62)
Gain on financial assests held for trading	**(1,027)**	(259)	-
	1,090	4,629	2,888
Net earnings (loss) before taxes	**4,733**	1,017	(3,605)
Income tax expense (recovery)			
Current	**779**	(347)	600
Deferred	**397**	70	(603)
	1,176	(277)	(3)
Net earnings (loss)	**$ 3,557**	$ 1,294	$ (3,602)
Other comprehensive income (loss):			
Items that may be reclassified subsequently to net earnings:			
Foreign currency translation differences	**(857)**	(390)	3,612
Total comprehensive income	**$ 2,700**	$ 904	$ 10
Operating margin before general & administration	**21.9%**	20.9%	19.7%
Administration as a percentage of revenue	**6.9%**	6.3%	5.4%
EBITDA as a percentage of revenue	**15.0%**	14.6%	14.3%

Summary of Quarterly Results

The following tables present our unaudited consolidated quarterly results of operations for each of the last eight fiscal quarters. This data has been derived from our unaudited quarterly consolidated financial statements which are prepared on the same basis as our annual audited financial statements.

	2017				
in thousands	Q1	Q2	Q3	Q4	Total
Gross revenue	$ 25,147	$ 18,616	$ 17,370	$ 24,278	$ 85,411
Operating costs	(17,132)	(16,869)	(15,998)	(16,702)	(66,701)
	8,015	1,747	1,372	7,576	18,710
General & administration	(1,402)	(1,299)	(1,144)	(2,074)	(5,919)
EBITDA	**6,613**	**448**	**228**	**5,502**	**12,791**
Depreciation	(1,781)	(1,765)	(1,699)	(1,706)	(6,951)
Finance costs	(537)	(525)	(544)	(511)	(2,117)
Foreign exchange gain (loss)	1	(11)	(17)	3	(24)
Gain (loss) on financial assets held for trading	(14)	414	542	85	1,027
Gain on sale of assets	-	6	1	-	7
Net earnings (loss) before taxes	**4,282**	**(1,433)**	**(1,489)**	**3,373**	**4,733**
Income taxes	(1,004)	443	324	(939)	(1,176)
Net earnings (loss)	**$ 3,278**	**$ (990)**	**$ (1,165)**	**$ 2,434**	**$ 3,557**
Earnings (loss) per share	**$ 0.25**	**$ (0.07)**	**$ (0.09)**	**$ 0.18**	**$ 0.27**

	2016				
in thousands	Q1	Q2	Q3	Q4	Total
Gross revenue	$ 24,231	$ 18,182	$ 16,821	$ 23,845	$ 83,079
Operating costs	(16,331)	(16,233)	(15,941)	(17,212)	(65,717)
	7,900	1,949	880	6,633	17,362
General & administration	(1,256)	(1,493)	(1,109)	(1,336)	(5,194)
EBITDA	**6,644**	**456**	**(229)**	**5,297**	**12,168**
Depreciation	(1,736)	(1,729)	(1,752)	(1,800)	(7,017)
Finance costs	(735)	(3,093)	(526)	(534)	(4,888)
Foreign exchange gain	458	5	3	8	474
Gain (loss) on financial assets held for trading	-	(863)	66	1,056	259
Gain on sale of assets	5	-	16	-	21
Net earnings (loss) before taxes	**4,636**	**(5,224)**	**(2,422)**	**4,027**	**1,017**
Income taxes	(667)	1,427	1,307	(1,790)	277
Net earnings (loss)	**$ 3,969**	**$ (3,797)**	**$ (1,115)**	**$ 2,237**	**$ 1,294**
Earnings (loss) per share	**$ 0.30**	**$ (0.28)**	**$ (0.08)**	**$ 0.17**	**$ 0.10**

Review of Fourth Quarter 2017

In Q4, revenue of $24.3 million, increased by $0.4 million or 1.8% compared to prior year. The main drivers of the increase were higher contract revenue, growth in youth and adult soccer leagues revenue, and incremental food & beverage revenue.

Operating cost of $16.7 million, decreased by $0.5 million or 3.0% compared to Q4 2016 mainly due to lower utility and maintenance expenses. In addition, start-up costs were incurred in Q4 2016 to open the Great Plains Recreation Facility that were not required in 2017. These decreases were partially offset by higher performance-based compensation expenses in Q4 2017.

Operating earnings before G&A expenses was $7.6 million compared to $6.6 million in 2016.

After recording G&A expenses of $2.1 million, EBITDA was $5.5 million compared to $5.3 million in 2016. G&A increased by $0.7 million or 55.2% principally due to increased consulting fees related to specific strategic projects and higher performance-based compensation accrued in 2017.

After recording finance costs, depreciation, a gain on foreign exchange, and mark-to-market gains on financial instruments (interest rate swap contract) totaling $2.1 million, net earnings before taxes was $3.4 million compared to $4.0 million in the fourth quarter of 2016. Fluctuations in mark-to-market gains are largely dependent on market interest rate movements.

After income tax, net earnings was $2.4 million or $0.18 per share, compared to $2.2 million or $0.17 per share in 2016. A summary of Q4 results is as follows:

in thousands		**2017**		2016
Gross revenue	**$**	**24,278**	$	23,845
Operating costs		**(16,702)**		(17,212)
		7,576		6,633
General & administration		**(2,074)**		(1,336)
EBITDA		**5,502**		5,297
Depreciation		**(1,706)**		(1,800)
Finance costs		**(511)**		(534)
Gain on financial assets held for trading		**85**		1,056
Other		**3**		8
Net earnings before taxes and other		**3,373**		4,027
Income taxes		**(939)**		(1,790)
Net earnings	**$**	**2,434**	$	2,237
Other comprehensive income		**37**		281
Total comprehensive income	**$**	**2,471**	$	2,518
Earnings per share	**$**	**0.18**	$	0.17

Review of Assets

The table below summarizes the Company’s asset base:

in thousands	**2017**	2016
Properties	**$ 98,596**	$ 101,934
Cash	**18,629**	16,335
Accounts receivable	**3,051**	2,437
Inventory	**1,094**	1,138
Prepaid expenses and other assets	**853**	1,122
Investment properties	**550**	566
Financial asset held for trading	**1,286**	259
Deferred income taxes	**1,661**	1,768
	$ 125,720	$ 125,559

During the year ended December 31, 2017, the Company invested $4.9 million (2016 - $5.9 million) on capital expenditures related to building improvements and renewal of plant equipment at various facilities. Approximately $1.8 million of the 2017 capital expenditures was funded with a demand revolving capital expenditure loan, while $1.8 million of the 2016 capital expenditures was funded with lease financing. Expenditures undertaken during the period include new refrigeration equipment, plant automation/optimization software, ice resurfacing equipment, and installation of energy efficient lighting at various facilities.

At December 31, 2017, the total property, plant and equipment balance was $98.6 million compared to $101.9 million in 2016. The decrease resulted from depreciation and foreign currency translation differences that reflected a lower U.S. dollar compared to December 2016.

Investment properties remained consistent with prior year.

Cash on hand of $18.6 million at the end of 2017 was higher than 2016 as cash generated from operations increased from 2016 and annual debt service was lower.

Cash and cash equivalents include $0.4 million (2016 – $0.4 million) of restricted cash representing funds held in trust in accordance with the terms of the Great Plains Recreation Facility operating agreement. These funds are maintained as operating and capital expenditure reserves and the balance will change as reserve requirements are adjusted.

Prepaid expenses consist of amounts paid in advance that will be expensed in the subsequent 12 months, such as insurance and property taxes.

Review of Liabilities and Shareholders' Equity

The table below summarizes the Company's capital structure:

in thousands	**2017**	2016
Debt	**$ 53,679**	$ 55,593
Accounts payable	**10,105**	9,455
Deferred revenue and customer deposits	**13,209**	12,635
Finance leases	**2,341**	3,413
Deferred income taxes	**1,188**	898
	80,522	81,994
Shareholders' equity	**45,198**	43,565
	$ 125,720	$ 125,559

Interest bearing liabilities, which include debt and finance leases, totaled $56.0 million as at December 31, 2017, compared to $59.0 million as at December 31, 2016. The net decrease of $3.0 million resulted from normal repayments of debt and finance leases, partially offset by additional capital expenditure loan borrowed (see **Review of Liabilities and Shareholders' Equity** – *Mortgages* below).

Deferred revenue and customer deposits represent customer registration and rental fees received in advance of when ice and field times are actually used.

At December 31, 2017, the working capital deficit was $4.9 million compared to $5.9 million at December 31, 2016. This improvement was principally due to an increase of the Company's cash position at the end of the year (see **Review of Assets** above).

Mortgages

During Q2 2016, the Company borrowed $48.5 million of debt on ice rink properties. The Company used these funds to extinguish $42.9 million of existing debt. The resulting new debt package reduced borrowing rates which improved annual cash flow.

As at December 31, 2017, debt consists of six credit facilities, five of which have been drawn, as follows:

1) $38.5 million loan amortized over 15 years, maturing on May 25, 2023, interest at Prime rate plus 0.50% per annum payable monthly. The Company entered into an interest rate swap contract to fix the interest rate at 3.52% per annum payable monthly. At December 31, 2017, the balance outstanding was $35.5 million;
2) $10.0 million loan amortized over 15 years, maturing on May 25, 2023, interest at Prime rate plus 0.50% per annum payable monthly. At December 31, 2017, the balance outstanding was $9.2 million;
3) $5.4 million (US$5.0 million) loan amortized over 15 years, maturing on August 1, 2019, interest at LIBOR plus 2.5% per annum payable monthly. At December 31, 2017, the balance outstanding was $4.8 million (US$3.9 million). This loan is denominated in U.S. currency;
4) $2.8 million (US$2.2 million) loan amortized over 15 years, maturing on February 1, 2020, interest at LIBOR plus 2.5% per annum payable monthly. At December 31, 2017, the balance outstanding was $2.2 million (US$1.8 million). This loan is denominated in U.S. currency;

5) $5.0 million demand revolving capital expenditure loan amortized over 15 years, interest at Prime rate plus 0.50% per annum. At December 31, 2017, the balance outstanding was $2.2 million; and

6) $0.7 million demand revolving operating loan, interest at Prime rate plus 0.50% per annum. No amounts have been drawn on this loan to date.

We are in full compliance with debt covenants as at December 31, 2017 and we expect to continue to be in compliance during the coming fiscal year.

Customer Deposits and Deferred Revenue

A large component of our current liabilities is comprised of deferred revenue related to league registrations and customer deposits received in advance which totaled $13.2 million as at December 31, 2017 (2016 - $12.6 million). We recognize revenue as ice or field time is used; many of the seasonal contracts and league registrations are paid in advance.

Finance Leases

Finance lease was used in 2016 to finance the acquisition of heavy equipment used in our facilities such as ice resurfacers and refrigeration equipment with a term of five years. In 2017, the Company drew on a capital expenditure demand loan to finance some of its heavy equipment (see **Review of Liabilities and Shareholders' Equity** – *Mortgages* above).

Liquidity and Capital Resources

Canlan's cash balance as at December 31, 2017 was $18.6 million compared to $16.3 million from December 31, 2016.

As discussed above, the Company was realizing the benefits of reduced finance costs and improved cash flow from the refinancing of a term loan in 2016.

During 2017, we also utilized $1.1 million to reduce the principal on finance leases and $1.1 million to pay dividends on common shares. On December 1, 2017, the Company continued its dividend policy and declared a quarterly dividend of $0.02 per share on a record date on December 29, 2017 which was paid on January 16, 2018.

Investment activities in 2017 included $4.8 million incurred on facility capital projects. Facility capital expenditures consisted of new refrigeration equipment, plant automation/optimization software, ice resurfacing equipment, and installation of energy efficient lighting at various facilities.

Summarized Statement of Cash Flows:

in thousands		**2017**		2016
Cash inflows and (outflows) by activity				
Operating activities	**$**	**10,802**	$	8,889
Financing activities		**(3,625)**		1,422
Investing activities		**(4,883)**		(4,041)
		2,294		6,270
Cash position, beginning of year		**16,335**		10,065
Cash position, end of year	**$**	**18,629**	$	16,335
Key ratios				
Working capital	**$**	**(4,937)**	$	(5,886)
Debt to equity ratio		**1.24:1**		1.35:1

As illustrated in the table above, the reduction in our working capital deficiency and the decrease in the debt to equity ratio at the end of 2017 were related to the effect of the debt refinancing transaction that was completed in 2016. The debt to equity ratio is expected to continue meeting the lenders' covenant requirement in 2018.

Cash Flow

Our cash position fluctuates during the year as a result of the seasonality of our business. Historically the highest cash position is December and lowest occurs in August. We generally collect registration fees for the ASHL in the first three months of each season, and program fees are collected upon registration.

Cash flow from operating activities was $10.9 million in 2017 compared to $9.0 million in 2016. Included in 2016 operating activities was the payment of $2.3 million in early debt retirement fees. After accounting for additional bank financing, debt repayments, capital expenditures, and dividends paid, cash increased by $2.3 million in 2017.

The following table provides a reconciliation of EBITDA to the change in cash position for the last two years:

in thousands		**2017**		2016
EBITDA	**$**	**12,791**	$	12,168
Changes in working capital items		**1,010**		1,667
Net finance costs		**(2,035)**		(5,087)
Income tax expense		**(779)**		347
Foreign exchange		**(49)**		(138)
Cash flow from operations		**10,938**		8,957
Less:				
Mortgage principal reduction		**(3,228)**		(45,484)
New debt		**1,750**		49,000
Capital expenditures		**(4,890)**		(4,062)
Equipment lease payments		**(1,080)**		(1,027)
Dividends paid		**(1,067)**		(1,067)
Net proceeds on sale of assets		**7**		21
Effect of changes in foreign currency rates		**(136)**		(68)
Change in cash position for the year	**$**	**2,294**	$	6,270

Contractual Obligations

The following table presents the aggregate amount of future cash outflows for contractual obligations in each of the next five years and thereafter. The operating leases listed below for land and buildings fit the definition of off-balance sheet financing arrangements.

in thousands	2018	2019	2020	2021	2022	Thereafter	Total
Long-term debt:							
Mortgage principal and interest	$ 7,304	$ 9,073	$ 6,074	$ 4,148	$ 4,148	$ 31,316	$ 62,063
Equipment leases, including interest	994	795	526	267	10	-	2,592
	8,298	9,868	6,600	4,415	4,158	31,316	64,655
Land and building leases (off balance sheet financing)	1,183	1,183	880	852	852	7,269	12,219
	$ 9,481	**$ 11,051**	**$ 7,480**	**$ 5,267**	**$ 5,010**	**$ 38,585**	**$ 76,874**

Share Capital

No new shares have been issued from treasury since November 2004, and the Company does not have a stock option plan.

	2017	2016
Shares issued and outstanding	**13,337,448**	13,337,448
Weighted average number of shares outstanding	**13,337,448**	13,337,448

The Company established a stock appreciation rights (SARs) plan in 2005 and it was renewed in 2016. The SARs plan provides eligible employees and directors with the right to receive cash equal to the appreciation of the Company's common shares subsequent to the date of the grant upon the exercise of rights. The granted SAR's vest in equal installments over a three year period and expire three years from the grant date.

The Company has outstanding stock appreciation rights as follows:

	Number of Rights at December 31, 2017		
Expiry date	**Outstanding**	**Excercisable**	**Exercise Price**
March 23, 2018	11,667	-	$3.30
November 29, 2019	509,751	134,737	$3.34
April 15, 2020	35,000	-	$3.85
June 15, 2020	70,000	-	$3.74
November 28, 2020	35,000	-	$3.96
	661,418	134,737	

During the year, 146,083 SARs were exercised at a weighted average exercise price of $3.04.

The liability related to the SARs program is adjusted quarterly based on the fair value of the SARs as estimated using the Black-Scholes pricing model. As at December 31, 2017 the Company recorded a liability in the amount of $0.1 million. For the year ended December 31, 2017, fair value measurement of the SARs liability resulted in a net compensation expense of $0.2 million (2016 - $0.2 million) that was recognized in the statement of earnings and comprehensive income.

Transactions with Related Parties

Canlan's controlling shareholder, Bartrac Investments Ltd., owns approximately 10.1 million shares of the Company, or 75% of the outstanding shares. Bartrac's ownership position in TSX: ICE has remained unchanged since November 2004.

The Company did not record any related party transactions with Bartrac in 2017 and 2016.

The Company paid $0.2 million (2016 - $0.2 million) in directors' fees during 2017.

Financial Instruments

The Company initially measures all its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

- Loans and receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise of cash and cash equivalents and accounts receivable.
- Non-derivative financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities comprise of accounts payable and accrued liabilities, obligations under finance leases and debt.
- Held for trading financial assets and liabilities are measured at the fair value at the balance sheet date with any gain or loss recognized immediately in net earnings. In June 2016, the Company has entered into an interest rate swap agreement (seven year term) to fix the interest rate on a portion of its debt on ice rinks. The fair value of the instrument has been presented as financial asset held for

trading on the statement of financial position. At December 31, 2017, the fair value was $1.3 million. Changes in the fair value of the instrument are recognized in net earnings. For the year ended December 31, 2017, a gain of $1.0 million was recognized as part of finance cost.

- Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying cost at inception and are recognized over the term of assets or liabilities using the effective interest method.

The Company does not have held to maturity investments at December 31, 2017. The Company had no "other comprehensive income or loss" transactions related to financial instruments during the year ended December 31, 2017 and no opening or closing balances for accumulated other comprehensive income or loss related to financial instruments.

Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures designed to provide reasonable assurance that material information relating to the Company is made known to the appropriate level of management in a timely manner.

Based on current securities legislation in Canada, our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are required to certify that they have assessed the effectiveness of our disclosure controls and procedures as at December 31, 2017.

Our management has evaluated, under the supervision and with the participation of our CEO and CFO, the design and effectiveness of the Company's disclosure controls and procedures as at the year ended December 31, 2017. Management has concluded that these disclosure controls and procedures, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers Annual and Interim Filings (NI 52-109), are adequate and effective and that material information relating to the Company was made known to them and reported within the time periods specified under applicable securities legislation.

Our management, under the supervision of our CEO and CFO, has also designed and evaluated the effectiveness of the Company's internal controls over financial reporting (ICFR) using the Internal Control – Integrated Framework as published by the Committee of Sponsoring Organization of the Treadway Commission (2013 Framework) (COSO) Framework. Based on our evaluation, management has concluded that ICFR, as defined in NI 52-109 and using the COSO integrated framework are effective as of December 31, 2017.

Risk Factors

Canlan is engaged primarily in the operation of multi-pad recreation facilities throughout North America, and is exposed to a number of risks and uncertainties that can affect operating performance and profitability. Our past performance is no guarantee of our performance in future periods.

Some of the risks and uncertainties we are exposed to, together with a description of management's action to minimize our exposure, are summarized below.

Leverage and Ability to Service Indebtedness

The Company's level of debt and the limitations imposed on it by its debt agreements could have important consequences, including the following:

- the Company will have to use a significant portion of its cash flow from operations for debt service, rather than for operations.
- the Company may not be able to obtain additional debt financing for future working capital, capital expenditures or other corporate purposes.
- the Company could be more vulnerable to economic downturns and less able to take advantage of significant business opportunities or to react to changes in market or industry conditions.
- the Company's less leveraged competitors could have a competitive advantage.

The Company's ability to pay the principal and interest on debt obligations will depend on its future performance. To a significant extent, our performance will be subject to general economic, financial and competitive factors. We can provide no assurances that its business will generate cash flow from operations sufficient to pay the Company's indebtedness, fund other liquidity needs or permit the Company to refinance its indebtedness. The Company can provide no assurances that it can secure any further credit facilities or that the terms of any such credit facilities will be favourable.

If the Company has difficulty servicing its debt, the Company may be forced to adjust capital expenditures, seek additional financing, sell assets, restructure or refinance the Company's debt, adjust dividends, or seek equity capital. The Company might not be able to implement any of these strategies on satisfactory terms, if at all. The Company's inability to generate sufficient cash flow or refinance its indebtedness would have a material adverse effect on the Company's financial condition, results of operations and ability to satisfy the Company's obligations.

Mitigating factors and strategies:

- The Company manages its capital with the objectives of maintaining a financial position suitable for servicing debt in accordance with repayment schedules, complying with debt covenants, and supporting our growth strategies.
- The Company maintains good relationships with its lenders through regular communications and reporting.

Infrastructure Expenditures

The Company's recreation facilities consist of plant and equipment that have useful lives estimated by management. Assets may become obsolete and may require replacement before the end of their estimated useful lives, which will necessitate significant capital expenditure.

Mitigating factors and strategies:

- The Company has implemented formal standard operating procedures and operational support visits to help protect our assets.
- The Company has a stringent asset repair and maintenance program.
- The Company has a long-term capital project program that plans capital expenditures in accordance with priorities and estimated useful lives.

Incurrence of Debt and the Granting of Security Interests

From time to time, the Company may enter into transactions and these transactions may be financed partially or wholly with short or long term debt, which may increase the Company's debt levels above industry standards and may require the Company to grant security interests in favour of third parties. Neither the Company's articles nor notice of articles limit the amount of indebtedness that the Company may incur or its ability to grant security interests. Should the Company default on any of its obligations under any secured credit facility, this could result in seizure of the Company's assets. The level of the Company's indebtedness from time to time could impair our ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Mitigating factors and strategies:

- The Company manages its capital with the objectives of maintaining a financial position suitable for servicing debt in accordance with repayment schedules, complying with debt covenants, and supporting our growth strategies.

Insurance

The Company develops and organizes sports leagues to play at the facilities it owns and operates. Due to the nature of the sport, incidents can occur. We purchase liability and accident insurance, the cost of which is dependent upon the history of the number of injury claims and the quantum of such claims. There is always a risk that the cost of acquiring sufficient insurance to cover any such injury claims will become prohibitive or that such insurance will become unavailable. The Company has obtained insurance coverage that it believes would ordinarily be maintained by an operator of facilities similar to that of the Company. The Company's insurance is subject to various limits and exclusions. Damage or destruction to any of our facilities or lawsuits arising from use of such facilities could result in claims that are excluded by, or exceed the limits of, the Company's insurance coverage.

Mitigating factors and strategies:

- Company maintains its facilities to high standards and continually monitors league activities and enforces a strict set of rules.
- Company has developed risk management procedures and emergency preparedness guides at all of its locations.
- Management works closely with insurance providers.

U.S. Operations

The Company's expansion strategies include certain markets in the U.S. As such, the Company faces the risks of operating in new markets where the demographics, consumer preferences, and economic conditions can be very different from Canadian markets in which the Company primarily operates. Should market conditions of new U.S. locations vary significantly from what was anticipated, the Company's financial results could be adversely affected.

In addition, the Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, the Canadian dollar. The currency in which these transactions are denominated is the U.S. dollar. Should the financial results of the Company's U.S. subsidiaries significantly fall short of targets, the Company could be exposed to the risk of loss depending on the relative movement of this currency against the Canadian dollar. The Company does not currently enter into forward contracts to mitigate this risk. However, management currently expects that earnings from U.S. business activities are adequate to service operating costs, debt payments, and other cash needs of U.S. operations.

Mitigating factors and strategies:

- The Company performs due diligence to evaluate the structural condition of facilities, and conditions that support supply and demand in the marketplace.
- Management closely monitors the Canadian-U.S. foreign exchange rate and could utilize hedging instruments if cash required to fund U.S. operations and debt service exceeds cash flows generated from U.S. facilities. In addition, a reasonable amount of U.S. currency is maintained on hand to meet operating needs.

Seasonality of Operations

The Company's business cycle is highly seasonal with 58% of total revenues and virtually all of the operating profit being generated in the first and last quarters. This seasonality of operations impacts reported quarterly earnings. The operating results for any particular quarter is not necessarily a good indicator of operating results for the other fiscal quarters or the entire fiscal year. As a result of the seasonality, the highest cash flow period for the Company is in the fourth quarter when customer deposits for future ice contracts are received, and the lowest cash flow is in the summer months, when traffic is reduced.

Mitigating factors and strategies:

- Various programs are developed to increase traffic during the summer period.
- Variable operating costs are reduced during the summer period.
- Seasonal credit line has been made available by the Company's lender.

Competition

The recreation industry is highly competitive and Canlan competes with other private and municipal operators in various major markets. Other private operators may have more resources and less debt than Canlan, and municipal operators can operate at a loss for an indefinite period without the same negative consequences such losses would have on private companies.

Mitigating factors and strategies:

- Canlan has developed customer loyalty by providing superior customer service and facilities.
- The ice rink industry is capital intensive with high start up expenses; therefore barriers to enter the business exist.
- We have developed expertise in all aspects of the ice rink development and multi-sport complex operations.

Employee and Union Relations

The Company has unionized employees at four of its facilities. The presence of a unionized work force increases the possibility that a labour dispute will effect operations at a facility. The four union agreements will expire in October 2018, March 2020, November 2020 and February 2021. The Company may not be able to negotiate a new contract on favorable terms, which could result in increased operating costs as a result of higher wages or benefits paid to its unionized workers. If unionized workers engage in a strike or other work stoppage, the Company could experience a significant disruption in its operations or higher ongoing labour costs, which could have material adverse effects on the business, financial condition, results of operations and cash flows.

Mitigating factors and strategies:

- The Company maintains positive relationships with the unions and management and union representatives have bargained in good faith.
- The Company garners assistance and guidance from professional labour consultants where needed.

Key Personnel

The Company's future success depends, to a large extent, on the efforts and abilities of its executive officers. As the Company's ability to retain these executive officers is important to its success and growth, the loss of its executive officers could adversely affect the Company's business, financial condition, cash flows and results of operations.

Mitigating factors and strategies:

- The Company has established compensation policies for its executive officers that are commensurate with their responsibilities and with market conditions.
- The Company maintains an open and candid working environment where executive officers can offer input into business strategies and decisions.

Utility Costs

Electricity, natural gas and water are significant components of operating costs of our facilities and the Company is susceptible to fluctuations in the market price of energy and related regulatory charges. In addition, the Company may experience power fluctuations or outages or cannot maintain adequate sources of natural gas and water. These factors may have a material adverse effect on the Company's business, financial conditions, results of operations and cash flows.

Mitigating factors and strategies:

- The Company enters into medium-term energy contracts to mitigate the price fluctuations of gas and electricity.
- The Company carefully manages utility consumption through standard operating procedures and capital asset program.
- The Company has implemented an equipment replacement program, which utilizes newer technology for lights and refrigeration equipment.
- The Company has hired a full-time energy manager.

Interest Rate Risk

Mortgage debt of $18.5 million, is subject to variable interest rates. For every 1% change in base market rates, interest expense will change by $0.2 million per annum.

Mitigating factors and strategies:

- The Company has fixed the interest rate on $35.5 million or 66% of its loans.

Control by Principal Shareholder and Liquidity of Common Shares

The principal shareholder, Bartrac Investments Ltd. holds 10,075,947 Common Shares and controls approximately 75% of the aggregate voting power of the Corporation, which will allow it to control substantially all the actions taken by the shareholders of the Company, including the election of the directors. In addition, at the date of this MD&A, a Trust in the U.S. holds 2,160,200 Common shares, which represents 16.2% of total outstanding Common Shares. Such concentration of ownership could also have the effect of delaying, deterring, or preventing a change of control of the Company that might otherwise be beneficial to its shareholders and may also discourage acquisition bids for the Company and limit the amount certain investors may be willing to pay for the Common Shares.

Critical Accounting Policies and Estimates

Canlan's significant accounting policies are described in Note 3 to the consolidated financial statements. The preparation of the consolidated financial statements in conformity with IFRS requires us to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty are the areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. These are:

Revenue Recognition

Revenue from sport surface rental contracts, programs and leagues is recognized as games and lessons are played and collection is reasonably assured. Deferred revenue relates to amounts received in advance for the Company's adult recreational leagues. A certain amount of judgment is required in the determination of revenue recognition based on the Company's estimates. Any differences are recognized upon completion of the season.

Accounts Receivable

In determining the valuation of accounts receivable and the allowance for doubtful accounts, the Company relies on current customer information, payment history, and trends.

Impairment and Recoverability of Property Plant and Equipment

When impairment indicators exist, the recoverability of the Company's recreational properties is based on future discounted cash flows expected to be generated from such assets. These cash flows are based on management's approved budgets and projections. When appropriate, third-party appraisals will also be used to assess the recoverability of recreational properties. Judgments are required in assessing impairment indicators.

Useful Lives of Property Plant and Equipment

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful life. Approximately 78% of the Company's total assets are comprised of recreational properties. The selection method of depreciation and length of the depreciation period could have a material impact on depreciation expense and the net book value of the Company's assets. Assets may become obsolete or require replacement before the end of their estimated useful lives, in which case any remaining unamortized costs would be written off.

Accounting for Stock-based Compensation

The fair value of the Company's stock appreciation rights ("SARs") is based on certain estimates used in applying the Black-Scholes pricing model. The rights are cash-settled and are classified as a liability and re-measured to fair value at each reporting date by recognizing compensation cost over the life of the SARs based on the vesting terms of each tranche.

Deferred Income Tax

Deferred income tax assets and liabilities are calculated by assessing temporary differences resulting from differing treatment of items for tax and accounting purposes and net operating losses carried forward. The valuation of deferred tax assets are measured based on management's estimates of future taxable income and expected timing of reversals of temporary differences.

Accounting Standards

Accounting Standards adopted in 2017

The Company adopted the amendments to IAS 7 - *Statement of Cash Flows* in 2017 to provide additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash and non-cash flow changes.

Future Accounting Standards

(a) On May 28, 2014 the IASB issued IFRS 15 - *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has performed the five-step analysis in accordance with IFRS 15 on its major revenue streams to assess the potential impact of the new standard and has concluded that there will be no material impact to the consolidated financial statements upon adoption on January 1, 2018. Additional disclosures will be required to comply with IFRS 15.

(b) IFRS 9 - *Financial Instruments*, issued in July 2014 replaces IAS 39 - *Financial Instruments: Recognition and Measurement* and deals with classification and measurement of financial assets and financial liabilities. The requirements of IFRS 9 represent a significant change from the existing requirements in IAS 39. The changes will affect the classification and measurement of financial assets and financial liabilities, the rules and requirements relating to hedge accounting as well as impairment of financial assets.

    The mandatory effective date of IFRS 9 is January 1, 2018 and is required to be applied retrospectively when initially applied. The Company performed an analysis of its financial assets and liabilities and determined that adoption of this standard is not expected to have a significant effect on the consolidated financial statements of the Company.

(c) IFRS 16 - *Leases* was issued in January 2016 and sets out a new model for lease accounting, replacing IAS 17 - *Leases*. IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. The Company is currently assessing the potential impact, if any, on its consolidated financial statements resulting from the application of IFRS 16.

Ivan Wu
Chief Financial Officer

CANLAN ICE SPORTS CORP.

Consolidated Financial Statements & Notes

Years Ended December 31, 2017 and 2016

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Canada
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Canlan Ice Sports Corp.

We have audited the accompanying consolidated financial statements of Canlan Ice Sports Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, the consolidated statements of earnings and comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depends on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, where due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 integral 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated position of Canlan Ice Sports Corp. as at December 31, 2017 and 2016 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 22, 2018

CANLAN ICE SPORTS CORP.

Consolidated Statements of Financial Position
(Expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents (note 4)	$ 18,629	$ 16,335
Accounts receivable	3,051	2,437
Inventory (note 5)	1,094	1,138
Prepaid expenses	597	817
Financial asset held for trading (note 16a)	1,286	259
	24,657	20,986
Non-current assets:		
Property, plant and equipment - facilities (note 6)	98,596	101,934
Investment properties (note 7)	550	566
Deferred tax assets (note 15b)	1,661	1,768
Other assets	256	305
	101,063	104,573
	$ 125,720	$ 125,559
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 10,105	$ 9,455
Deferred revenue and customer deposits	13,209	12,635
Current portion of:		
Obligations under finance leases (note 9)	897	1,087
Debt (note 10)	5,383	3,695
	29,594	26,872
Non-current liabilities:		
Obligations under finance leases (note 9)	1,444	2,326
Debt (note 10)	48,296	51,898
Deferred tax liabilities (note 15b)	1,188	898
	50,928	55,122
Total liabilities:	80,522	81,994
Shareholders' equity:		
Share capital (note 11)	63,109	63,109
Contributed surplus	543	543
Foreign currency translation reserve	2,365	3,222
Deficit	(20,819)	(23,309)
	45,198	43,565
	$ 125,720	$ 125,559

Commitments and contingencies (note 14)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board:

"W. GRANT BALLANTYNE" "JOEY ST-AUBIN"

CANLAN ICE SPORTS CORP.

Consolidated Statements of Earnings and Comprehensive Income
(Expressed in thousands of dollars, except for share and per share amounts)

Years ended December 31, 2017 and 2016

	2017	2016
Revenue:		
Ice rink and recreational facilities (note 19)	$ 85,411	$ 83,079
Expenses (note 21):		
Ice rink and recreational facilities:		
Salaries, wages and benefits	32,874	31,608
Selling and customer service	11,320	11,515
Utilities	7,604	8,155
Cost of goods sold	5,735	5,668
Repairs and maintenance	4,576	4,564
Property tax	3,404	3,023
Facility lease	1,188	1,184
	66,701	65,717
Earnings from ice rink and recreational facilities before the undernoted	18,710	17,362
General and administration expenses (notes 13 and 21)	5,919	5,194
Earnings before the undernoted	12,791	12,168
Other expenses (income) (note 21):		
Depreciation	6,951	7,017
Gain on sale of assets	(7)	(21)
Foreign exchange loss (gain)	24	(474)
	6,968	6,522
Finance income (costs):		
Finance income	124	66
Finance costs	(2,241)	(2,636)
Fee on settlement of debt (note 10)	-	(2,318)
Gain on financial assets held for trading (note 16a)	1,027	259
	(1,090)	(4,629)
Earnings before income taxes	4,733	1,017
Income tax expense (recovery) (note 15):		
Current	779	(347)
Deferred	397	70
	1,176	(277)
Net earnings	$ 3,557	$ 1,294
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net earnings:		
Foreign currency translation differences	$ (857)	$ (390)
Total comprehensive income	2,700	904
Basic and fully diluted earnings per share	$ 0.27	$ 0.10
Weighted average common shares issued for basic and diluted earnings per share calculations	13,337,448	13,337,448

The accompanying notes form an integral part of these consolidated financial statements.

CANLAN ICE SPORTS CORP.
Consolidated Statements of Changes in Equity
(Expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

	Share capital	Contributed surplus	Foreign currency translation reserve	Deficit	Total
Balance at December 31, 2015	$ 63,109	$ 543	$ 3,612	$ (23,536)	$ 43,728
Net earnings	-	-	-	1,294	1,294
Other comprehensive loss	-	-	(390)	-	(390)
Dividends to common shareholders	-	-	-	(1,067)	(1,067)
Balance at December 31, 2016	63,109	543	3,222	(23,309)	43,565
Net earnings	-	-	-	3,557	3,557
Other comprehensive loss	-	-	(857)	-	(857)
Dividends to common shareholders	-	-	-	(1,067)	(1,067)
Balance at December 31, 2017	$ 63,109	$ 543	$ 2,365	$ (20,819)	$ 45,198

The accompanying notes form an integral part of these consolidated financial statements.

CANLAN ICE SPORTS CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

	2017	2016
Cash provided by (used in):		
Operating:		
Net earnings	$ 3,557	$ 1,294
Adjustments for:		
Depreciation	6,951	7,017
Gain on sale of assets	(7)	(21)
Interest and (gain) loss on financial assets held for trading	1,090	2,311
Fee on settlement of debt (note 10)	-	2,318
Deferred income taxes	397	70
Foreign exchange gain	(25)	(612)
Net change in non-cash working capital (note 20)	1,010	1,667
Interest paid (note 10)	(2,159)	(2,835)
Fee on settlement of debt (note 10)	-	(2,318)
Interest received	124	66
	10,938	8,957
Financing:		
Principal repayments of debt	(3,228)	(45,484)
Increase in principal of debt	1,750	49,000
Principal repayments on obligations under finance lease	(1,080)	(1,027)
Payment of dividends on common shares	(1,067)	(1,067)
	(3,625)	1,422
Investments:		
Net proceeds on sale of assets	7	21
Expenditures on ice rink and recreational facilities	(4,827)	(3,989)
Expenditures on other assets	(63)	(73)
	(4,883)	(4,041)
Effect of changes in foreign currency rates on cash and cash equivalents	(136)	(68)
Increase in cash and cash equivalents	2,294	6,270
Cash and cash equivalents, beginning of year	16,335	10,065
Cash and cash equivalents, end of year	$ 18,629	$ 16,335

Supplemental cash flow information (note 20)

The accompanying notes form an integral part of these consolidated financial statements.

1. Reporting entity:

Canlan Ice Sports Corp. and its subsidiaries (collectively referred to as the “Company”) focus on the development, lease, acquisition and operation of multi-purpose recreation and entertainment facilities in North America. Canlan Ice Sports Corp. is a company incorporated in Canada, whose shares are publicly traded on the Toronto Stock Exchange. The Company’s head office is located at 6501 Sprott Street, Burnaby, British Columbia, Canada.

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on March 22, 2018.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except for liabilities for cash-settled stock-based payment arrangements and derivative financial instruments which are measured at fair value.

(c) Functional and presentation currency:

The Company’s presentation currency is the Canadian dollar. The functional currency of the Company’s Canadian entities is the Canadian dollar and for the United States (U.S.) subsidiaries is the U.S. dollar. Accordingly, the financial statements of the Company’s U.S. subsidiaries have been translated into Canadian dollars as follows:

(*i*) Asset and liability amounts are translated at the exchange rate at the end of each reporting period;

(*ii*) Amounts included in the determination of earnings are translated at the respective monthly average exchange rates; and

(*iii*) Any gains or losses from the translation of amounts determined in (*i*) and (*ii*) above are recognized in other comprehensive income and accumulated in the foreign currency translation reserve, which is a separate component of shareholders’ equity.

Transactions in currencies other than the Company’s functional currency, and not related to the Company’s U.S. subsidiaries, are translated at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the retranslation are recognized in net earnings.

2. Basis of preparation (continued):

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty are the areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. These are:

- *Accounts receivable* - in determining the valuation of accounts receivable and the allowance for doubtful accounts, the Company relies on current customer information, payment history, and trends.
- *Accounting for stock-based compensation* - the fair value of the Company's stock appreciation rights ("SARs") is based on certain estimates used in applying the Black-Scholes pricing model. The rights are cash-settled and are classified as a liability and re-measured to fair value at each reporting date by recognizing compensation cost over the life of the SARs based on the vesting terms of each tranche.
- *Revenue recognition* - revenue from recreational facility operations is recognized as the product or service is supplied. Deferred revenue relates to amounts received in advance for the Company's sports leagues; revenue is recognized as games are played. A certain amount of judgment is required in the determination of revenue recognition based on the Company's estimates. Any differences are recognized upon completion of the season.
- *Deferred income tax* - deferred income tax assets and liabilities are calculated by assessing temporary differences resulting from differing treatment of items for tax and accounting purposes and net operating losses carried forward. The valuation of deferred tax assets are measured based on management's estimates of future taxable income and expected timing of reversals of temporary differences.

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

Critical judgments that have a higher degree of judgment and the most significant effect on the Company's financial reporting, apart from those involving estimates (discussed above), include:

- *Recoverability of property, plant, and equipment* - the recoverability of the Company's recreational properties is based on future discounted cash flows expected to be generated from such assets. These cash flows are based on management's approved budgets and projections. When appropriate, third-party appraisals will also be used to assess the recoverability of recreational properties.
- *Useful lives of property, plant, and equipment* - property, plant, and equipment are depreciated on a straight-line basis over their estimated useful life. Approximately 78% of the Company's total assets are comprised of recreational properties. The selection method of depreciation and length of the depreciation period could have a material impact on depreciation expense and the net book value of the Company's assets. Assets may become obsolete or require replacement before the end of their estimated useful lives, in which case any remaining unamortized costs would be written off.

3. Significant accounting policies:

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of consolidation:

(*i*) Subsidiaries:

These consolidated financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

- Les Quatre Glaces (1994) Inc.
- Canlan Ice Sports (USA) Corp.
- P.C. Development Inc.

Subsidiaries are entities controlled by the Company. The statements of financial position of the subsidiaries are included in the consolidated financial statements from the date that control commences. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries are aligned with those adopted by the Company.

(*ii*) Transactions eliminated on consolidation:

Intra-Company balances are eliminated in preparing the consolidated financial statements.

3. Significant accounting policies (continued):

(b) Inventory:

Inventory consists of hockey equipment, supplies and sportswear held for sale, and food and beverage supplies. Inventory is recorded at the lower of cost and estimated net realizable value. The cost of inventory is based on the first-in, first-out principle. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(c) Property, plant, and equipment:

(*i*) Recognition and measurement:

Items of property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets.

When parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within gain or loss on sale of assets.

(*ii*) Subsequent costs:

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net earnings as incurred.

(*iii*) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in net earnings on a straight-line basis over the estimated useful lives of each component of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

3. Significant accounting policies (continued):

(c) Property, plant, and equipment (continued):

(*iii*) Depreciation (continued):

The estimated useful lives for the current and comparative periods are as follows:

Asset	
Buildings	40 years
Rink board systems	25 years
Refrigeration equipment	20 years
Building improvements	10 years
Leasehold improvements	Shorter of useful life or remaining lease term
Machinery and equipment	10 years
Computers, furniture and fixtures	5 years
Ice resurfacing equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(d) Investment property:

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in net earnings on a straight-line basis over the estimated useful lives of each investment property. The estimated useful lives for the current and comparative periods for investment property are consistent with the estimated useful lives for property, plant and equipment as described in note 3(c)(*iii*). Investment property comprising land is not depreciated.

(e) Other assets:

Included in other assets are fixed assets located in the Company's corporate offices.

(f) Leased assets:

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the Company's consolidated financial statements.

3. Significant accounting policies (continued):

(g) Lease payments:

Payments made under operating leases are recognized in net earnings on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for in the period in which they are incurred.

(h) Revenue recognition:

(*i*) Ice and field time:

Revenue from rental contracts, programs, tournament operations and leagues is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognized as games and lessons are played and collection is reasonably assured.

(*ii*) Goods sold:

Revenue from the sale of food and beverage and sports store goods is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognized when the goods are transferred to the buyer.

(*iii*) Sponsorship:

Revenue from sponsorship contracts is recognized on a straight-line basis over the term of the contract.

(*iv*) Management contracts:

The Company's financial results include the revenue and expenses of facilities operated under management contracts where the Company's return is subject to the risks and rewards of operation. For facilities where this is not the case, the Company records only the revenue received in the form of fixed management fees. Revenue from such management contracts is recognized over the term of the contract.

(*v*) Rental income:

Rental income is recognized in net earnings on a straight-line basis over the term of the lease.

3. Significant accounting policies (continued):

(i) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures financial instruments and discloses select non-financial assets at fair value at each reporting period.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for assets or liability.

(j) Financial instruments:

(*i*) Non-derivative financial assets:

The Company has the following non-derivative financial assets: loans and receivables. Such financial assets have fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables is comprised of cash and cash equivalents and accounts receivable.

Cash and cash equivalents is comprised of cash balances and deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less when acquired, that are readily convertible to cash.

(*ii*) Non-derivative financial liabilities:

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and debt. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

3. Significant accounting policies (continued):

(j) Financial instruments (continued):

(*iii*) Derivative financial instruments:

Derivative instruments are financial contracts whose value is derived from interest rates, foreign exchange rates or other financial or commodity indices. The Company entered into an interest rate swap contract on June 21, 2016 to manage the exposure to market risks from changing interest rates (note 10). This instrument has not been designated as a hedge and is marked to market. The resulting unrealized gains and losses during the period are recorded in net earnings with a corresponding asset or liability recorded on the consolidated statement of financial position. Payments and receipts under the interest rate swap contract are recognized as adjustments to interest expense which are recognized within finance costs. The Company recorded a $1,286,000 financial asset held for trading as of December 31, 2017 (2016 - $259,000).

(k) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, if any.

(l) Employee benefits:

(*i*) Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net earnings in the period in which services are rendered by employees. On January 1, 2010, the Company established a defined contribution plan for its employees whereby the Company matches contributions to a maximum of 4% of salaries. Included in salaries, wages and benefits within ice rink and recreational facilities and general and administrative expenses is $362,000 (2016 - $349,000) in respect of the Company's contributions.

(*ii*) Share-based:

The fair value of the amount payable to directors and employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the directors and employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as compensation expense in net earnings.

3. Significant accounting policies (continued):

(m) Finance income and finance costs:

Finance income comprises bank interest income and changes in the fair value of financial assets and liabilities at fair value through profit or loss. Interest income is recognized in net earnings as it accrues.

Finance costs comprise interest expense on borrowings and obligations under finance leases, bank charges and changes in the fair value of financial assets and liabilities at fair value through profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net earnings using the effective interest method.

(n) Income tax:

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Significant accounting policies (continued):

(o) Impairment:

(i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net earnings.

(ii) Non-financial assets:

The carrying amounts of the Company's property, plant, and equipment and investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued):

(p) Segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and assess its performance. Segment results include items directly attributable to a segment.

(q) Adoption of IFRS amendments:

In January 2016 the IASB issued amendments to IAS 7 - *Statement of Cash Flows*. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash and non-cash flow changes. The amendments are effective prospectively for annual periods beginning on or after January 1, 2017. The Company adopted the amendments to IAS 7 in 2017 (note 20c).

(r) New standards and interpretations not yet adopted:

(*i*) On May 28, 2014 the IASB issued IFRS 15 - *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has performed the five-step analysis in accordance with IFRS 15 on its major revenue streams to assess the potential impact of the new standard and has concluded that there will be no material impact to the consolidated financial statements upon adoption on January 1, 2018. Additional disclosures will be required to comply with IFRS 15.

(*ii*) IFRS 9 - *Financial Instruments*, issued in July 2014 replaces IAS 39 - *Financial Instruments: Recognition and Measurement* and deals with classification and measurement of financial assets and financial liabilities. The requirements of IFRS 9 represent a significant change from the existing requirements in IAS 39. The changes will affect the classification and measurement of financial assets and financial liabilities, the rules and requirements relating to hedge accounting as well as impairment of financial assets.

The mandatory effective date of IFRS 9 is January 1, 2018 and is required to be applied retrospectively when initially applied. The Company performed an analysis of its financial assets and liabilities and determined that adoption of this standard is not expected to have a significant effect on the consolidated financial statements of the Company.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

3. Significant accounting policies (continued):

(r) New standards and interpretations not yet adopted (continued):

(*iii*) IFRS 16 - *Leases* was issued in January 2016 and sets out a new model for lease accounting, replacing IAS 17 - *Leases*. IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. The Company is currently assessing the potential impact, if any, on its consolidated financial statements resulting from the application of IFRS 16.

4. Restricted cash

Cash and cash equivalents include $380,000 (2016 - $381,000) of restricted cash representing funds held in trust in accordance with the terms of an operating agreement related to a recreation facility operated by the Company on behalf of a third party. These funds are maintained as operating and capital expenditure reserves and the balance will change as reserve requirements are adjusted.

5. Inventory:

	2017	2016
Sports store	$ 771	$ 754
Food and beverage	323	384
	$ 1,094	$ 1,138

The amount of inventory expensed during the year is equal to the amount of cost of goods sold presented in the consolidated statement of earnings and comprehensive income.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

6. Property, plant and equipment - facilities:

	Land	Buildings and building improvements	Leasehold improvements	Rink board systems	Refrigeration equipment	Machinery and equipment	Computers, furniture and fixtures	Ice resurfacing equipment	Work in process	Total
Cost										
Balance at December 31, 2015	$ 16,974	$ 116,461	$ 1,977	$ 5,167	$ 14,417	$ 13,014	$ 9,838	$ 4,774	$ 341	$ 182,963
Reclassification	-	28	-	-	91	-	19	-	(138)	-
Additions	-	754	68	264	2,618	577	595	820	123	5,819
Disposals	-	-	-	-	-	-	-	(270)	-	(270)
Effect of movements in exchange rates	(104)	(559)	-	(18)	(77)	(48)	(40)	(11)	-	(857)
Balance at December 31, 2016	16,870	116,684	2,045	5,413	17,049	13,543	10,412	5,313	326	187,655
Reclassification	-	4	-	-	-	-	-	-	(4)	-
Additions	-	202	9	-	1,510	1,731	690	192	493	4,827
Disposals	-	-	-	-	-	-	-	(69)	-	(69)
Effect of movements in exchange rates	(221)	(1,253)	-	(36)	(163)	(111)	(93)	(23)	-	(1,900)
Balance at December 31, 2017	$ 16,649	$ 115,637	$ 2,054	$ 5,377	$ 18,396	$ 15,163	$ 11,009	$ 5,413	$ 815	$ 190,513
Accumulated depreciation and impairment losses										
Balance at December 31, 2015	$ -	$ (48,173)	$ (631)	$ (2,186)	$ (7,215)	$ (8,553)	$ (8,554)	$ (4,020)	$ -	(79,332)
Depreciation for the year	-	(3,833)	(230)	(217)	(699)	(941)	(537)	(413)	-	(6,870)
Disposals	-	-	-	-	-	-	-	270	-	270
Effect of movements in exchange rates	-	140	-	2	8	23	33	5	-	211
Balance at December 31, 2016	-	(51,866)	(861)	(2,401)	(7,906)	(9,471)	(9,058)	(4,158)	-	(85,721)
Depreciation for the year	-	(3,817)	(215)	(218)	(707)	(953)	(537)	(393)	-	(6,840)
Disposals	-	-	-	-	-	-	-	76	-	76
Effect of movements in exchange rates	-	358	-	6	29	74	79	22	-	568
Balance at December 31, 2017	$ -	$ (55,325)	$ (1,076)	$ (2,613)	$ (8,584)	$ (10,350)	$ (9,516)	$ (4,453)	$ -	$ (91,917)
Carrying amounts										
Balance at December 31, 2016	$ 16,870	$ 64,818	$ 1,184	$ 3,012	$ 9,143	$ 4,072	$ 1,354	$ 1,155	$ 326	$ 101,934
Balance at December 31, 2017	16,649	60,312	978	2,764	9,812	4,813	1,493	960	815	98,596

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

6. Property, plant and equipment - facilities (continued):

For the year ended December 31, 2017, no impairment losses were recognized.

Included in property, plant, and equipment - facilities are assets under finance leases with a cost of $4,649,000 (2016 - $5,934,000) and accumulated depreciation of $1,163,000 (2016 - $1,323,000).

7. Investment properties:

	Cost	Accumulated amortization	Carrying amount
December 31, 2015	$ 574	$ -	$ 574
Effect of movements in exchange rate	(8)	-	(8)
December 31, 2016	566	-	566
Effect of movements in exchange rate	(16)	-	(16)
December 31, 2017	$ 550	$ -	$ 550

The fair value of the Company's investment properties, which consist of land parcels, at December 31, 2017 was $1,625,000 (2016 - $1,703,000). The Company uses a variety of valuation techniques and makes assumptions that are based on market conditions existing at each reporting period to determine fair value. The Company's investment properties are categorized as Level 3 within the fair value hierarchy. As such, the fair value was determined using valuation techniques incorporating discounted cash flows and expertise of an independent local real estate agent not related to the Company. The cash flows were discounted at a pre-tax rate of 4.66% over the remaining lease term and based on anticipated renewal terms. The independent real estate agent has professional qualifications and experience in the location and category of investment property being valued.

For the years ended December 31, 2017 and 2016, no impairment losses were recognized. In 2017, income earned on investment properties was $99,000 (2016 - $96,000) with no direct expenses in 2017 (2016 - nil).

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

8. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2017	2016
Wages payable	$ 3,473	$ 2,943
Trade payables	3,360	2,865
Other accrued liabilities	2,086	2,255
Indirect tax payables	533	589
Dividends payable	267	267
Income tax payable	246	479
Stock appreciation rights	140	57
	$ 10,105	$ 9,455

All current trade and accrued liabilities are interest-free and payable within 12 months.

9. Obligations under finance leases:

Total minimum lease payments are as follows:

	2017	2016
Not later than one year	$ 994	$ 1,215
Later than one year and not later than five years	1,598	2,582
Later than five years	-	10
	2,592	3,807
Interest (rates vary from 3 % to 7%)	251	394
Present value of minimum finance lease payments	2,341	3,413
Current portion	897	1,087
Long-term portion	$ 1,444	$ 2,326

Lease obligations are secured directly by the leased assets.

Interest of $138,000 (2016 - $131,000) relating to finance lease obligations has been included in finance costs.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

10. Debt:

	Maturity dates	Interest rates	2017	2016
Fixed rate	2023	3.52%	$ 35,498	$ 37,518
Variable rate	2023	Prime + 0.50%	9,219	9,739
	2018	Prime + 0.50%	2,183	500
	2019	LIBOR + 2.50%	4,849	5,636
	2020	LIBOR + 2.50%	2,239	2,593
			53,988	55,986
Deferred financing costs			(309)	(393)
			53,679	55,593
Current portion			5,383	3,695
Non-current portion			$ 48,296	$ 51,898

In June 2016, the Company borrowed $48,500,000 of debt on ice rink properties. The Company used these funds to extinguish $42,900,000 of existing debt. As a result of the refinancing, the Company incurred an early repayment fee of $2,318,000 that has been recognized as a fee on settlement of debt in the statement of earnings and comprehensive income and as part of interest paid in the statement of cash flows for the year ended December 31, 2016.

As at December 31, 2017, debt consists of six credit facilities, five of which have been drawn, as follows:

- $38,500,000 loan amortized over 15 years, maturing on May 25, 2023, interest at Prime rate plus 0.50% per annum payable monthly. The Company entered into an interest rate swap contract (note 16) to fix the interest rate at 3.52% per annum payable monthly. At December 31, 2017, the balance outstanding was $35,498,000;
- $10,000,000 loan amortized over 15 years, maturing on May 25, 2023, interest at Prime rate plus 0.50% per annum payable monthly. At December 31, 2017, the balance outstanding was $9,219,000;
- $5,433,000 (US$4,973,000) loan amortized over 15 years, maturing on August 1, 2019, interest at LIBOR plus 2.5% per annum payable monthly. At December 31, 2017, the balance outstanding was $4,849,000 (US$3,865,000). This loan is denominated in U.S. currency;

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

10. Debt (continued):

- $2,797,000 (US$2,200,000) loan amortized over 15 years, maturing on February 1, 2020, interest at LIBOR plus 2.5% per annum payable monthly. At December 31, 2017, the balance outstanding was $2,239,000 (US$1,784,000). This loan is denominated in U.S. currency;
- $5,000,000 demand revolving capital expenditure loan amortized over 15 years, interest at Prime rate plus 0.50% per annum. At December 31, 2017, the balance outstanding was $2,183,000; and
- $745,000 demand revolving operating loan, interest at Prime rate plus 0.50% per annum. No amounts have been drawn on this loan to date.

These credit facilities are secured by first mortgages, demand debentures, general security agreements, general assignments of book debts, assignments of rents and insurance, and specific pledging of title to, and interest in the respective land and buildings.

Amortization of deferred financing costs related to these facilities totaling $81,000 (2016 - $176,000) was recorded in finance costs.

11. Share capital:

The common shares of the Company are listed on the Toronto Stock Exchange.

	Number of shares		Amount
(a) Authorized: 500,000,000 common shares of no par value			
(b) Issued and outstanding: December 31, 2017 and 2016	13,337,448	$	63,109

On December 1, 2017, the Company declared a quarterly dividend of $0.02 per share which was paid on January 16, 2018. In addition, the Company paid quarterly dividends of $0.02 per share on each of April 17, 2017, July 18, 2017, and October 17, 2017 respectively.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

12. Stock-based compensation:

In 2005, the Company established a Stock Appreciation Rights plan (the SARs Plan) granted by the Company's Board of Directors subject to terms and conditions of the Canlan Ice Sports Corp. Director and Employee Stock Appreciation Rights Plan (2016). The SARs Plan provides eligible directors and employees of the Company with the right to receive cash equal to the appreciation of the Company's common shares subsequent to the date of grant upon the exercise of rights.

The table below summarizes the change in the number of SARs:

	Number of SARs	Weighted average exercise price
Number of SARs outstanding, December 31, 2015	436,270	$ 2.50
Granted	562,500	3.34
Exercised	(331,269)	2.37
Number of SARs outstanding, December 31, 2016	667,501	3.27
Granted	209,999	3.71
Exercised	(146,083)	3.04
Forfeited	(69,999)	3.47
Balance, December 31, 2017	661,418	$ 3.44
Exercisable, December 31, 2016	35,001	$ 2.98
Exercisable, December 31, 2017	134,737	$ 3.34

The following table summarizes information about the stock appreciation rights outstanding at December 31, 2017:

	Rights outstanding			Rights exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 3.30	11,667	3 months	$ 3.30	-	$ 3.30
3.34	509,751	23 months	3.34	134,737	3.34
3.85	35,000	28 months	3.85	-	3.85
3.74	70,000	30 months	3.74	-	3.74
3.96	35,000	35 months	3.96	-	3.96

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

12. Stock-based compensation (continued):

During the year ended December 31, 2017, the Company recognized compensation expense of $219,000 (2016 – $200,000) in respect of the SARs Plan. This amount was calculated in accordance with the fair value method of accounting. At December 31, 2017, the SARs liability included within accounts payable and accrued liabilities was $140,000 (2016 - $57,000).

The fair value of SARs was estimated using the Black-Scholes pricing model with the following assumptions:

	2017	2016
Risk free interest rate	1.77%	1.06%
Expected dividend yield	2.01%	2.29%
Expected lives of rights	3 to 35 months	4 to 35 months
Expected volatility	8% - 15%	17% - 20%

Risk free interest rate is the Government of Canada long-term bond rate. Expected dividend yield assumes a continuation of the most recent dividend payment for the quarterly dividends. Expected lives of rights is based on historical experience of rights being exercised. Expected volatility is based on the historical share price volatility over the past 3 months to 35 months.

13. General and administration expenses:

General and administration expenses consist of the following:

	2017	2016
Salaries, wages and benefits	$ 4,289	$ 3,884
Professional and regulatory fees	693	488
Office	340	342
Travel	250	175
Stock appreciation rights	219	200
Other	128	105
	$ 5,919	$ 5,194

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

14. Commitments and contingencies:

(a) At December 31, 2017, the Company has lease agreements with third parties under the terms of which the Company leases and operates certain ice rink and recreational facilities. During the lease terms, the Company does not assume substantially all the risks and rewards of ownership. Accordingly, the lease agreements have been accounted for as operating leases. The total minimum lease payments are as follows:

Not later than one year	$	1,183
Later than one year and not later than five years		3,767
Later than five years		7,269

The lease expenditure charged to net earnings during the year is presented as facility lease in the consolidated statement of earnings and comprehensive income.

Terms of facility operating leases are as follows:

(*i*) A two-pad rink facility in British Columbia with a lease term that ends on December 31, 2024.

(*ii*) A two-pad rink facility in Ontario with a lease term that ends on January 31, 2020.

(*iii*) On August 1, 2006, the Company purchased a six-pad rink facility in Ontario. Upon purchase, the Company assumed a forty-nine year land lease agreement related to the land on which the facility is situated. The land lease agreement is with a third party and ends on October 30, 2044.

(*iv*) A multi-sport facility in Ontario with a lease term that began on April 1, 2012 and will end on October 15, 2023 with two five-year renewal options.

(b) Due to the nature of the sports and recreation business, various lawsuits involving the Company are pending. The financial impact of these lawsuits is not determinable, but management believes, based on legal counsels' opinions, that the outcome will not materially affect the Company's financial position.

(c) At December 31, 2017, the Company has letters of guarantee outstanding with various vendors in the amount of $1,105,000 (2016 - $1,105,000).

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

15. Income taxes:

(a) The major factors which caused variations from the Company's expected combined Canadian and U.S. income tax rate of 27% for 2017 (2016 - 32%) were as follows:

	2017	2016
Statutory rate applied to earnings before income taxes	$ 1,296	$ 328
Change in deferred tax assets not recognized	(1,925)	(648)
Substantively enacted tax rate change	1,468	25
Foreign currency translation differences	144	109
Permanent differences and other	193	(91)
Income tax expense (recovery)	$ 1,176	$ (277)

(b) The tax effects of timing differences that give rise to deferred tax assets and liabilities are presented below.

	2017	2016
Deferred income tax assets:		
Unused tax losses	$ 311	$ 383
Deferred revenue	113	120
Properties	656	579
Financing fees	360	488
Other	221	198
	1,661	1,768
Deferred income tax liability:		
Properties	(771)	(810)
Other	(417)	(88)
	(1,188)	(898)
Net deferred income tax assets	$ 473	$ 870

The following deferred tax assets have not been recognized as at December 31, 2017 and December 31, 2016:

	2017	2016
U.S. tax losses set to expire between 2025 and 2035	$ 2,136	$ 4,122
Tax losses that do not expire	-	-
Deductible temporary differences	61	61
	$ 2,197	$ 4,183

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

16. Financial instruments:

(a) Fair value:

The Company has the following financial instruments: cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, debt and financial asset held for trading. The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are considered by management to approximate their fair values due to their short-term nature.

In June 2016, the Company entered into an interest rate swap agreement (seven year term) to fix the interest rate on a portion of its debt (note 10). The fair value of this derivative instrument at December 31, 2017 was $1,286,000 and has been presented as financial asset held for trading on the statement of financial position. Changes in fair value of the instrument are recognized in net earnings. For the year ended December 31, 2017, a gain of $1,027,000 was recognized. The interest rate swap is classified as Level 2 in the fair value hierarchy.

Debt is categorized as Level 2 within the fair value hierarchy. The fair values of debt included in the statement of financial position is as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt	$ 53,679	$ 52,226	$ 55,593	$ 54,705

(b) Financial risk management:

(*i*) Interest rate risk:

The terms of the Company's outstanding debt are described in note 10. As certain of the Company's debt instruments bear interest at floating rates and are not economically hedged by interest rate swaps, fluctuations in these rates will impact the cost of financing incurred in future periods. A change in the base market rates upon which these loans accrue interest by 1% will increase or decrease interest expense by approximately $185,000 (2016 - $185,000) per annum.

16. Financial instruments (continued):

(b) Financial risk management (continued):

(*ii*) Liquidity risk:

Liquidity risk is the risk from the Company's potential inability to meet its financial obligations. The Company constantly monitors its cash flows and operations to ensure current and long-term obligations can be met. The Company's capital resources are comprised of cash and cash equivalents and cash flow from operating activities. Due to the seasonality of the business, the Company finances a portion of its assets through customer deposits received in advance of the services being provided. At December 31, 2017, the Company has a working capital deficiency of $4,937,000 (2016 - $5,886,000). During the off-peak season, the Company has an available demand revolving operating loan to provide working capital, if necessary (note 10).

The following table presents the aggregate amount of future cash outflows for contractual obligations in each of the next five years and thereafter.

in thousands	2018	2019	2020	2021	2022	Thereafter	Total
Accounts payable and accrued liabilities	$ 10,105	$ -	$ -	$ -	$ -	$ -	$ 10,105
Long-term debt:							
Mortgage principal and interest	7,304	9,073	6,074	4,148	4,148	31,316	62,063
Equipment leases, including interest	994	795	526	267	10	-	2,592
	8,298	9,868	6,600	4,415	4,158	31,316	64,655
Land and building operating leases	1,183	1,183	880	852	852	7,269	12,219
	$ 19,586	$ 11,051	$ 7,480	$ 5,267	$ 5,010	$38,585	$ 86,979

(*iii*) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. Effective monitoring of accounts receivable is a core control procedure of the Company and appropriate provisions are recorded for impaired accounts. Historically, the Company has not experienced significant losses related to trade accounts receivable from individual customers. The Company does not face any material concentrations of credit risk. The Company's credit risk on cash and cash equivalents is limited as it maintains its holdings with large highly rated financial institutions.

16. Financial instruments (continued):

(b) Financial risk management (continued):

(*iv*) Currency risk:

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Company, the Canadian dollar. The currency in which these transactions primarily are denominated in is the U.S. dollar. At December 31, 2017, the Company has US$5,649,000 debt repayable in U.S. currency (note 10). The Company is exposed to the risk of loss depending on the relative movement of this currency against the Canadian dollar. The Company does not currently enter into forward contracts to mitigate this risk. As at December 31, 2017, if the Canadian dollar had strengthened or weakened by 5% in relation to the U.S. dollar, with all other factors remaining constant, the debt repayable, as reported in Canadian currency, could have decreased or increased by approximately $354,000 (2016 - $411,000), respectively.

17. Capital risk management:

The Company defines capital that it manages as the sum of cash and cash equivalents, long-term borrowings, and shareholders' equity.

The Company's objectives when managing its capital are:

(a) To safeguard the Company's ability to continue as a going concern so that it can provide services to its customers and continue to reduce debt;

(b) To comply with debt covenants;

(c) To maintain a financial position suitable for supporting the Company's growth strategies and provide an adequate return to shareholders; and

(d) To return excess cash to shareholders through payment of dividends.

The Company executes a planning and budgeting process to determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient credit facilities to meet its current and future business requirements, taking into account its anticipated cash flows from operations and its holding of cash and cash equivalents. The Company is required to comply with covenant criteria established by its lenders. These include tangible net worth and debt coverage ratio measurements. As at December 31, 2017 and 2016, the Company was in compliance with these covenants. The Company is not subject to any statutory capital requirements, and has not made any changes with respect to its overall capital management strategy during the years ended December 31, 2017 and 2016.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

18. Related party transactions:

(a) During the year ended December 31, 2017, the Company expensed $195,000 (2016 - $190,000) in directors' fees.

(b) The Company's majority shareholder is Bartrac Investments Ltd. ("Bartrac"). Two of the Company's Directors are also Directors of Bartrac. During the year ended December 31, 2017 and 2016, there were no related party transactions between the Company and Bartrac.

(c) The Company's key management personnel include the Directors of the Company and executive officers. Key management personnel compensation comprised the following:

	2017	2016
Short-term employee benefits	$ 1,867	$ 1,805
Stock appreciation rights	219	200
Post employment benefits	66	66
	$ 2,152	$ 2,071

(d) Directors and executive officers participate in the Company's stock appreciation rights program (note 12). During the year ended December 31, 2017, the Company paid $137,000 (2016 - $344,000) related to stock appreciation rights exercised.

19. Segmented information:

The Company's operations consist of full service ice rink and recreational facilities which constitute a single operating segment.

(a) Ice rink and recreational facilities revenue:

	2017	2016
Ice and field sales	$ 67,658	$ 65,521
Food and beverage	12,317	12,080
Sports store	1,965	1,940
Sponsorship	1,258	1,242
Space rental	1,311	1,150
Management and consulting fees	262	466
Other	640	680
	$ 85,411	$ 83,079

There is no single customer who accounts for 10% or more of the Company's revenue.

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

19. Segmented information (continued):

(b) Geographic:

	2017			2016		
	Canada	USA	Total	Canada	USA	Total
Revenue	$ 75,261	$ 10,150	$ 85,411	$ 72,784	$ 10,295	$ 83,079
Non-current assets	81,955	19,108	101,063	83,894	20,679	104,573
Total assets	103,688	22,032	125,720	102,486	23,073	125,559

20. Supplemental cash flow information:

	2017	2016
(a) Net changes in non-cash working capital:		
Accounts receivable	$ (614)	$ (111)
Inventory	44	3
Prepaid expenses	220	74
Accounts payable and accrued liabilities	650	1,517
Deferred revenue and customer deposits	574	116
Effect of change in foreign currency	136	68
	$ 1,010	$ 1,667
(b) Non-cash transactions:		
Finance lease obligations	$ -	$ 1,830

(c) Changes in liabilities arising from financing activities:

			Non-cash changes		
	December 31, 2016	Cash flow changes	Foreign exchange movement	Other	December 31, 2017
Debt	$ 55,593	$ (1,478)	$ (520)	$ 84	$ 53,679
Obligations under finance leases	3,413	(1,080)	-	8	2,341
Dividends payable	267	-	-	-	267
	$ 59,273	$ (2,558)	$ (520)	$ 92	$ 56,287

(Tabular amounts expressed in thousands of Canadian dollars, except share and per share amounts)

21. Expenses by function:

The Company's consolidated statement of earnings and comprehensive income presents expenses on a mixed basis. IFRS requires a Company to present expenses according to its nature or function. The following information has been provided to disclose the Company's expenses by function:

	2017	2016
Ice rink and recreational facilities expense	$ 73,541	$ 72,587
General and administrative expenses	$ 6,030	$ 5,341
Other expenses (income)	$ 17	$ (495)

The changes in the above table, as compared to the consolidated statement of earnings and comprehensive income, relate to depreciation of $6,951,000 (2016 - $7,017,000) being allocated from other expenses to ice rink and recreational facilities in the amount of $6,840,000 (2016 - $6,870,000), and to general and administrative expenses in the amount of $111,000 (2016 - $147,000).

FIVE YEAR REVIEW

Statements of Financial Position

in thousands, except statistics	2017	2016	2015	2014	2013
Assets:					
Property, plant and equipment - facilities	**$ 98,596**	$ 101,934	$ 103,631	$ 97,682	$ 89,401
Other	**25,463**	21,857	15,376	19,032	14,926
Deferred tax assets	**1,661**	1,768	1,597	1,308	1,234
	$ 125,720	$ 125,559	$ 120,604	$ 118,022	$ 105,561
Liabilities:					
Debt	**$ 53,679**	$ 55,593	$ 53,152	$ 51,771	$ 39,774
Other	**25,655**	25,503	23,067	20,495	20,054
Deferred tax liabilities	**1,188**	898	657	971	777
	$ 80,522	$ 81,994	$ 76,876	$ 73,237	$ 60,605
Shareholders' Equity:					
Share capital	**$ 63,109**	$ 63,109	$ 63,109	$ 63,109	$ 63,109
Contributed surplus	**543**	543	543	543	543
Foreign currency translation reserve	**2,365**	3,222	3,612	-	-
Deficit	**(20,819)**	(23,309)	(23,536)	(18,867)	(18,696)
	$ 45,198	$ 43,565	$ 43,728	$ 44,785	$ 44,956
Statistics:					
Debt to equity ratio	**1.24:1**	1.35:1	1.28:1	1.20:1	0.92:1
Share price range	**$3.20-3.98**	$3.15-4.00	$3.06-3.75	$2.30-3.34	$2.08-3.19

Statements of Earnings and Comprehensive Income

in thousands, except share and per share amounts	2017	2016	2015	2014	2013
Facility revenue	**$ 85,411**	$ 83,079	$ 79,449	$ 75,732	$ 72,791
Facility operating expenses	**66,701**	65,717	63,769	60,089	58,769
General and administative	**5,919**	5,194	4,304	4,559	4,234
	72,620	70,911	68,073	64,648	63,003
Earnings before interest, taxes, depreciation and amortization	**12,791**	12,168	11,376	11,084	9,788
Other expenses (gains):					
Depreciation	**6,951**	7,017	6,954	6,132	5,633
Net finance cost	**1,090**	2,311	2,888	2,532	2,371
Fee on settlement of debt	**-**	2,318	-	-	-
Impairment loss	**-**	-	4,070	-	-
Other	**17**	(495)	1,069	619	95
Income tax expense (recovery)	**1,176**	(277)	(3)	905	593
	9,234	10,874	14,978	10,188	8,692
Net earnings (loss)	**$ 3,557**	$ 1,294	$ (3,602)	$ 896	$ 1,096
Other comprehensive income (loss) related to foreign currency translation differences	(857)	(390)	3,612	-	-
Total comprehensive income	**$ 2,700**	$ 904	$ 10	$ 896	$ 1,096
Earnings (loss) per common share	**$0.27**	$0.10	($0.27)	$0.07	$0.08
Issued and average shares outstanding at year end	**13,337,448**	13,337,448	13,337,448	13,337,448	13,337,448

CORPORATE INFORMATION

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Director
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Director
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Victor D'Souza
Director
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Doug Brownridge
Director
British Columbia

Joey St-Aubin
President & CEO
Ontario

Officers

W. Grant Ballantyne
Chairman

Joey St-Aubin
President & CEO

Michael F. Gellard
Executive Vice President

Mark Faubert
Senior Vice-President & COO

Ivan Wu
CFO

Mark E. Reynolds
Vice-President
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