

August 16, 2013

**ENTERPRISE GROUP INC. (E-TSX, \$0.72)**

Rating: **BUY**  
12-Month Target: **\$2.05**

**Q2/13 RESULTS BELOW EXPECTATIONS DUE TO TIMING & WEATHER**

ENTERPRISE GROUP, INC.		TSX : E	
<i>(Currency is C\$ unless noted otherwise)</i>			
Closing Price August 15, 2013			\$0.72
12 Month Target Price			\$2.05
Dividend (annual)			\$0.00
Dividend Yield			0.0%
Potential Total Return		184.7%	
52 Week Range			\$0.17 - \$0.84
Average Daily Volume (100-Day)			
MARKET INFO			
Market Cap (millions)			\$64.7
Enterprise Value (millions)			\$81.7
Shares O/S (000's)			79,192
Fully Diluted (000's)			89,807
FYE: DEC 31	2012	2013E	2014E
Revenue (millions)	\$18.5	\$39.0	\$65.3
Revenue Growth (%)	3.5%	110.7%	67.4%
EBITDA (millions)	\$4.4	\$14.2	\$26.9
EBITDA Margin (%)	23.5%	36.5%	41.3%
Fully Diluted EPS	\$0.04	\$0.12	\$0.17
Cash (millions)	\$1.2	\$3.9	\$6.1
Total Debt (millions)	\$13.2	\$16.8	\$12.3
VALUATION	2012	2013E	2014E
EV / EBITDA	9.2x	5.7x	3.0x
P/E (tax adjusted basis)	16.1x	8.4x	4.3x
Website: www.enterprisegrp.ca			
<b>DISCLOSURE:</b>	5, 6		
<i>(Please refer to the applicable disclosures that are listed on the back page)</i>			

Source: Thomson One, M Partners



**COMPANY DESCRIPTION**

Enterprise Group Inc. (E-TSX) is a diversified construction, utilities and oilfield services company with 3 operational business segments: TC Backhoe & Directional Drilling, Artic Therm and E One Limited. Enterprise Group operates in western Canada with most of their revenue derived from the Province of Alberta. Enterprise Group is also a consolidator of similar businesses in western Canada which adds a growth by acquisition aspect to its organic growth strategy.

**EVENT:** Enterprise Group Inc. announced its Q2/13 results after the markets closed on August 14, 2013 which were below our expectations, largely due to timing and a wet spring; there were no consensus estimates.

- In Q2/13, Enterprise Group reported **fully diluted EPS loss** of \$0.02; we were expecting EPS of \$0.02. With two analysts (includes M Partners) currently providing research coverage on Enterprise Group, there was no consensus estimate.

Quarter-end Q2/13 (in C\$ millions, except EPS)	Last Year in Q2/12	Actual as reported by M Partners		
		Enterprise	Estimates	Consensus Estimate
Revenue	\$ 3.89	\$ 4.83	\$ 9.35	
Gross Profit	\$ 1.47	\$ 1.67	\$ 4.01	No
<i>Gross Profit Margin</i>	<i>37.7%</i>	<i>34.6%</i>	<i>42.9%</i>	
EBITDA	\$ 0.67	-\$ 0.71	\$ 2.36	Consensus
<i>EBITDA Margin</i>	<i>17.3%</i>	<i>-14.6%</i>	<i>25.3%</i>	
EBIT	\$ 0.22	-\$ 1.30	\$ 1.63	Estimates
Net Income	\$ 0.17	-\$ 1.54	\$ 1.45	
EPS - fully diluted, adjusted	\$ 0.00	-\$ 0.02	\$ 0.02	

Source: M Partners, Bloomberg

- Revenue** of \$4.83 million reported in Q2/13 was below with our estimate of \$9.35 million. The variance from our revenue estimate was largely driven by the treatment of the recently acquired CTHA acquisition. The company had disclosed on June 17<sup>th</sup> that the acquisition was effective May 1, 2013; yesterday they disclosed the acquisition was actually effective June 14<sup>th</sup> and with the flooding that occurred in Alberta late in June, there was minimal contribution from CTHA in Q2/13. We had been modeling a \$3.7 million contribution from CTHA in Q2/13 as we were using a May 1<sup>st</sup> effective date. If we back out the \$3.7 million, revenue came in about \$800,000 lower than our expectations, which we attribute to the wet spring that delayed utilities and construction projects in western Canada.
- Enterprise Group reported **gross profit** of \$1.67 million versus our estimate of \$4.01 million; the **gross profit margin** of 34.6% was lower than our 42.9% estimate and lower versus the Q2/12 gross margin of 37.7%.
- EBITDA** loss was \$0.71 million in Q2/13, well below our \$2.36 million EBITDA estimate. EBITDA margin was below expectations as Enterprise Group reported an **EBITDA margin** of -14.6% vs. our estimate of 25.3%. Again, we were modeling a \$1.2 million contribution from CTHA which did not occur due to the new effective date of the closing of the CTHA acquisition. With no/minimal revenue or EBITDA contribution from CTHA in Q2/13, operating costs associated with CTHA were nonetheless incurred in the quarter, negatively impacting earnings. Finally, there were \$526,000 of one-time costs related to financing costs, acquisition costs, etc. that were realized in the quarter, again, negatively impacting EBITDA in Q2/13.
- EBIT** loss was \$1.30 million in Q2/13 vs. our EBIT estimate of \$1.63 million, driven by the lower revenue and higher costs as detailed above.

**DURING Q2/13**

**On May 2, 2013**, Enterprise Group announced that PNC Bank Canada Branch increased Enterprise Group's senior secured credit facility from \$12.5 million to \$20.0 million at the existing interest rate of prime plus 2%. Further to the existing terms, PNC also agreed to increase Enterprise Group's 2013 capital expenditure program from \$3.0 million to \$11.0 million. We believe this capital expenditure increase will facilitate the

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expected addition of six 1.5 million to 3.0 million BTU heater trucks for Artic Therm by the end of 2013 as well as other growth initiatives.

**On May 21, 2013**, Enterprise Group announced that it had closed on the previously announced (on March 25, 2013) \$6,000,000 financing arrangement with Difference Capital Funding Inc. (DCF | TSXV : Not Rated), with proceeds used to complete the CTHA acquisition. The financing consisted of approximately \$6,000,000 of unsecured convertible debentures with an annual coupon of 6.00% per annum. The debentures have a two-year term and are convertible into common shares of Enterprise Group, Inc. at a price of \$0.50 per common share.

**On May 28, 2013**, Enterprise Group announced that it had closed on its previously announced (on April 25, 2013) brokered private placement offering. Enterprise Group issued 8,587,586 common shares at a price of \$0.48 per share for gross proceeds of approximately \$4.12 Million. All the securities issued in connection with the offering are subject to a four month and one day hold period from closing. In addition, upon closing, 515,255 common share purchase warrants were issued. Each warrant will entitle the holder to purchase one common share at a price of \$0.49 per share at any time within 12 months of closing. Net proceeds of the offering were used for capital expenditures related to Artic Therm, acquisition and integration costs associated with the CTHA acquisition and for general working capital purposes.

**On June 17, 2013**, Enterprise Group announced it had closed on the previously announced acquisition of Calgary Tunnelling & Horizontal Augering Ltd. which it signed a Letter of Intent (LOI) to purchase on February 28, 2013. For the year ended 2012, the private held CTHA generated \$14.9 million of revenue, \$5.8 million EBITDA and an estimated \$0.04 to \$0.05 of fully diluted EPS (EPS is an M Partners estimate). The purchase price of the transaction was \$12 million which was funded by cash, debt financing (as detailed above) and \$1 million in vendor take-back financing to be paid over two years. For further details about the CTHA acquisition and a presentation of our estimates by way of the financial statements, please refer to our note titled, *TRANSFORMATIVE ACQUISITION CLOSES ~ SIGNIFICANT GROWTH EXPECTED*, that was published on June 18, 2013.

**On June 20, 2013**, Enterprise Group Inc. announced that it had acquired Pro Tech Construction Inc. of Edmonton, Alberta for a purchase price of \$2,050,000 which was funded through cash. The deal, which had an effective date of June 19, 2013, included 12.29 acres of land and buildings combined with a development permit that allows for future expansion on a property located in West Edmonton's Acheson Industrial park. The location will serve as a field office for TC Backhoe and Directional Drilling LP and Artic Therm International, helping both companies expand their operations while being located near TC Backhoe's new regional contract with a major utility company which is located in the same vicinity. Benefits of the transaction also include a reduction in travel time from Sherwood Park and Slave Lake Alberta which will result in wages, fuel costs and maintenance costs savings which management believes will save Enterprise Group approximately \$230,000 annually. For further details about the Pro Tech Construction Inc. acquisition, please refer to our note titled, *ENTERPRISE GROUP ACQUIRES LAND IN EDMONTON*, that was published on June 21, 2013.

## OUTLOOK

Despite the weaker than expected quarter which is largely attributed to the timing of the acquisition and wet weather that delayed utilities and construction activity into 2H/13, the outlook for Enterprise Group remains intact and strong.

1. Management disclosed that had Enterprise Group had CTHA from May 1, 2013, Enterprise Group would have generated \$19 million of revenue and \$5.1 million of net income in 1H/13. This suggests Q2/13 revenue would have been \$10.1 million (\$5.3 million from CTHA) and net income would have been \$1.73 million. This is ahead of our CTHA estimates for Q2/13 which were \$3.7 million of revenue from CTHA. Management had previously stated that CTHA revenue would ramp up to \$22 million to \$25 million within a year; these numbers suggest CTHA is on track to meet that target. We are forecasting a \$23.6 million revenue contribution from CTHA in 2014, generating \$9.5 million of EBITDA (40.5% EBITDA margin) and \$0.07 of fully diluted EPS.
2. Weather impact has created a backlog of work that should be realized in 2H/13.
3. Artic Therm has taken delivery of three of its new heating units and the remaining three will be delivered by the fall, in time for the seasonal strong winter season. This is in line with our expectations as we are modeling full utilization of these units in 2014 which are expected to add \$10.26 million of revenue and \$4.41 million of EBITDA in 2014.

With the miss in Q2/13 largely attributable to timing, weather and one-time financing & acquisition costs, we don't believe the Q2/13 results have negatively impacted our 2014 outlook and thus, our 2014 estimates and valuation have not changed. Note, 2014 is our valuation year.

Our **2013** and **2014 estimates** reflect the various financings, the fully diluted share count, the expected addition of six 1.5 million to 3.0 million BTU heater trucks for Artic Therm and the acquisition of Calgary Tunnelling & Horizontal Augering Ltd. While we have taken down our 2013 estimates to account for the lack of a CTHA contribution in Q2/13, we are assuming that most of the revenue and earnings delayed by weather will be made up in 2H/13. We did not make any changes to our 2014 estimates at this time and will continue to monitor the revenue and margin contribution from CTHA.

## RECOMMENDATION

We are maintaining our BUY recommendation and our 12-month target price of \$2.05 on Enterprise Group. Our valuation is based on a 12.0x P/E multiple applied to our 2014 EPS of \$0.17 which translates into a 7.0x EV/2014 EBITDA multiple.

With Enterprise Group trading at 4.2x on a 2014 P/E basis and 3.0x on a EV/2014 EBITDA basis, we continue to believe that Enterprise Group is trading at a deep valuation discount compared to its peers as the current valuation does not, in our opinion, accurately reflect the CTHA acquisition, the organic growth expected in 2013 and 2014, the Artic Therm acquisition and the investment made (and being made) in Artic Therm to expand the business.

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Note, we are not applying a micro-cap discount to our valuation multiples as we believe Enterprise Group will cross the \$100 million market capitalization threshold in the short-term as it proves out both the CTHA acquisition as well as the Artic Therm acquisition and the subsequent expansion of that business. Thus we are using the same valuation multiples to value Enterprise Group as we are using to value the other infrastructure companies in our research coverage universe.

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**APPENDIX A – INCOME STATEMENT**

For the Fiscal Period Ending December 31	2008	2009	2010	2011	Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13	Q2/13	Q3/13 E	Q4/13 E	2013 E	2014 E
<b>Revenues</b>															
Revenues	39,761,680	27,699,442	15,623,490	17,883,710	3,631,355	3,891,514	4,333,529	6,647,631	18,504,028	8,904,381	4,825,639	12,205,092	13,057,018	38,992,129	65,290,434
<b>Expenses</b>															
Direct Expenses (Cost of Sales)	(29,691,300)	(25,564,226)	(13,833,130)	(13,173,450)	(2,405,223)	(2,422,958)	(2,761,877)	(3,251,773)	(10,841,831)	(3,702,411)	(3,156,981)	(7,000,776)	(3,832,203)	(17,692,371)	(26,922,815)
General and Administrative	(5,304,425)	(3,782,484)	(3,315,375)	(3,148,533)	(697,771)	(796,378)	(711,348)	(890,823)	(3,096,320)	(1,303,760)	(2,374,076)	(1,803,117)	(1,574,748)	(7,055,701)	(11,429,426)
Depreciation of Property, Plant and Equipment	0	0	(1,424,839)	(1,113,752)	(267,884)	(269,555)	(329,674)	(432,286)	(1,299,399)	(476,262)	(542,081)	(768,312)	(898,572)	(2,685,227)	(3,915,155)
Amortization of Intangible Assets	(2,571,697)	(1,845,809)	(145,500)	(145,500)	(36,375)	(36,375)	(36,375)	(55,887)	(165,012)	(61,490)	(55,501)	(55,501)	(55,501)	(227,993)	(227,993)
Impairment Losses of Property, Plant and Equipment	0	0	0	(73,038)	0	0	0	0	0	0	0	0	0	0	0
Goodwill Write-down	(15,107,933)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance Expenses / Interest	(395,669)	(528,576)	(202,564)	(808,065)	(67,733)	20,247	(135,426)	(228,378)	(411,290)	(183,568)	(217,851)	(223,581)	(180,634)	(805,634)	(862,679)
Fair Value Adjustments	0	0	0	121,221	7,128	29,953	(29,716)	(115,846)	(108,481)	0	0	(16,500)	(16,500)	(33,000)	(66,000)
Interest and Other Income / (Loss)	30,741	(43,492)	21,945	590,879	210	328	(3,434)	11,155	8,259	2,279	12,366	10,725	14,629	39,998	28,084
Gain/loss on Sales of Property, Plant and Equipment	(308,873)	(1,748,153)	(188,444)	(54,598)	5,000	0	0	(5,000)	(191,849)	(12,287)	(34,439)	0	0	(34,439)	(34,439)
Loss on Sales of Property, Plant, and Equipment	0	0	0	0	0	0	(55,931)	(135,918)	(191,849)	(12,287)	0	0	0	(12,287)	0
Acquisition Costs	0	0	0	0	0	0	(199,397)	(59,786)	(259,183)	0	0	0	0	0	0
<b>Earnings before Taxes</b>	<b>(13,587,476)</b>	<b>(5,813,298)</b>	<b>(3,464,418)</b>	<b>78,874</b>	<b>168,707</b>	<b>416,776</b>	<b>70,351</b>	<b>1,483,089</b>	<b>2,138,922</b>	<b>3,166,882</b>	<b>(1,542,924)</b>	<b>2,348,029</b>	<b>6,513,488</b>	<b>10,485,476</b>	<b>21,860,012</b>
<b>Taxes and Other Expenses</b>															
Income Tax	141,991	806,168	(2,099,700)	(1,216,000)	(44,700)	(110,400)	(18,700)	523,466	349,666	0	0	(657,448)	(1,823,777)	(2,481,225)	(6,995,204)
Provision for Income Tax (deferred)	1,176,245	479,300	0	1,216,000	44,700	110,400	18,700	(173,800)	0	0	0	657,448	1,367,833	2,025,281	0
<b>Net Income (Loss)</b>	<b>(12,269,240)</b>	<b>(4,527,830)</b>	<b>(5,564,118)</b>	<b>78,874</b>	<b>168,707</b>	<b>416,776</b>	<b>70,351</b>	<b>1,832,755</b>	<b>2,488,588</b>	<b>3,166,882</b>	<b>(1,542,924)</b>	<b>2,348,029</b>	<b>6,057,544</b>	<b>10,029,531</b>	<b>14,864,808</b>
Unrealized loss on marketable securities	0	0	0	0	0	0	(12,000)	(12,000)	0	0	0	0	0	0	0
<b>Net Income and Comprehensive Income (Loss)</b>					<b>168,707</b>	<b>416,776</b>	<b>70,351</b>	<b>1,820,755</b>	<b>2,476,588</b>						
Basic EPS - Continuing Operations	(0.30)	(0.06)	(0.11)	0.00	0.00	0.01	0.00	0.03	0.04	0.05	(0.02)	0.03	0.07	0.13	0.18
Diluted EPS - Continuing Operations	0.00	0.00	(0.11)	0.00	0.00	0.01	0.00	0.03	0.04	0.05	(0.02)	0.03	0.07	0.12	0.17
Basic Weighted Shares Outstanding	41,637,250	42,192,600	48,681,700	51,515,810	54,766,700	54,766,700	55,114,520	57,163,495	55,452,854	59,538,178	79,192,188	83,483,855	83,483,855	76,424,519	83,483,855
Diluted Weighted Shares Outstanding	41,637,250	42,192,600	48,681,700	51,515,810	54,985,600	55,430,380	58,465,950	55,862,818	56,186,187	61,874,616	89,807,443	88,570,027	88,570,027	82,205,528	88,570,027
Gross Profit / Loss	10,070,380	2,135,216	1,790,360	4,710,260	1,226,132	1,468,556	1,571,652	3,395,858	7,662,197	5,201,970	1,668,658	5,204,316	9,224,814	21,299,758	38,367,619
Gross Profit Margin	25.3%	7.7%	11.5%	26.3%	33.8%	37.7%	36.3%	51.1%	41.4%	58.4%	34.6%	42.6%	70.7%	54.6%	58.8%
EBITDA	4,765,955	(1,647,268)	(1,525,016)	1,561,727	528,361	672,178	860,304	2,295,701	4,356,543	3,898,210	(705,418)	3,401,198	7,650,066	14,244,057	26,938,194
EBITDA Margin	12.0%	-5.9%	-9.8%	8.7%	14.5%	17.3%	19.9%	34.5%	23.5%	43.8%	-14.6%	27.9%	58.6%	36.5%	41.3%
EBIT	2,194,258	(3,493,077)	(3,095,355)	302,475	224,102	366,248	494,255	2,016,862	3,101,466	3,360,458	(1,303,000)	2,577,386	6,695,994	11,330,837	22,795,046
EBIT Margin	5.5%	-12.6%	-19.8%	1.7%	6.2%	9.4%	11.4%	30.3%	16.8%	37.7%	-27.0%	21.1%	51.3%	29.1%	34.9%

Source: Company Reports and M Partners Estimates

**APPENDIX B – BALANCE SHEET**

For the Fiscal Period Ended December 31	2008	2009	2010	2011	Q1/12	Q2/12	Q3/12	Q4/12	2012	Q1/13	Q2/13	Q3/13 E	Q4/13 E	2013 E	2014 E
<b>Current Assets</b>															
Cash and Cash Equivalents	607,297	1,667,558	392,043	357,214	755,833	541,749	1,888,094	1,151,616	1,151,616	1,178,991	3,097,386	1,327,242	3,857,268	3,857,268	6,063,498
Deposit & Prepaid Expenses	0	357,442	216,030	304,860	237,464	228,370	195,784	659,417	659,417	627,227	1,837,633	551,412	1,295,201	1,295,201	2,168,752
Accounts Receivables	10,916,390	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade and Other Receivables	0	4,011,810	2,729,006	4,817,204	3,800,280	3,153,190	3,932,278	6,076,583	6,076,583	6,365,564	5,139,668	11,074,995	11,935,387	11,935,387	19,985,229
Unbilled Revenues	0	0	196,320	938,234	448,150	626,721	1,076,090	414,498	414,498	1,928,228	1,550,092	3,030,735	814,141	814,141	1,363,239
Income Taxes Refundable	140,535	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	737,596	706,155	714,846	1,035,451	635,042	512,601	744,395	591,206	591,206	520,649	1,119,730	2,096,538	1,161,224	1,161,224	1,944,413
Prepaid Expenses	393,675	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>12,795,493</b>	<b>6,742,965</b>	<b>4,248,245</b>	<b>7,452,963</b>	<b>5,876,769</b>	<b>5,062,631</b>	<b>7,836,641</b>	<b>8,893,320</b>	<b>8,893,320</b>	<b>10,620,659</b>	<b>12,744,509</b>	<b>18,080,922</b>	<b>19,063,221</b>	<b>19,063,221</b>	<b>31,525,131</b>
<b>Non Current Assets</b>															
Property, Plant and Equipment	14,805,290	11,121,510	9,531,420	8,429,189	8,797,008	9,415,366	14,840,430	15,899,329	15,899,329	16,968,796	27,309,173	27,590,861	27,217,289	27,217,289	25,302,134
Marketable Securities	0	32,000	40,000	28,000	64,000	24,000	28,000	16,000	16,000	16,000	32,000	32,000	32,000	32,000	32,000
Portfolio Investment	28,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Tax Assets	932,600	2,099,700	0	0	0	0	0	869,468	869,468	869,468	869,468	869,468	869,468	869,468	869,468
Goodwill	0	0	0	0	0	0	0	1,558,530	1,558,530	1,558,530	6,903,518	6,903,518	6,903,518	6,903,518	6,903,518
Intangible Assets	1,200,375	1,054,875	909,375	763,875	727,500	691,125	1,794,889	1,213,785	1,213,785	1,152,294	1,096,793	1,041,292	985,791	985,791	757,798
<b>Total Assets</b>	<b>29,761,758</b>	<b>21,051,050</b>	<b>14,729,040</b>	<b>16,674,027</b>	<b>15,465,277</b>	<b>15,193,122</b>	<b>24,499,960</b>	<b>28,450,432</b>	<b>28,450,432</b>	<b>31,185,747</b>	<b>48,955,461</b>	<b>54,518,061</b>	<b>55,071,288</b>	<b>55,071,288</b>	<b>65,390,049</b>
<b>Current Liabilities</b>															
Trade and Other Payables	1,909,814	2,277,882	1,265,155	2,575,341	1,375,059	881,542	1,670,304	1,528,819	1,528,819	2,569,465	2,642,683	4,704,298	3,002,847	3,002,847	2,028,122
Bank Indebtedness	6,526,900	3,363,530	0	962,200	894,883	614,671	0	0	0	0	0	0	0	0	0
Other Loans Payable	0	0	1,048,482	405,009	381,689	331,467	335,088	0	0	0	0	0	0	0	0
Bank Loan Facility	0	1,518,647	0	1,611,295	1,525,663	1,440,000	0	0	0	0	0	0	0	0	0
Current Portion of Long-term Loans and Borrowings	3,249,975	0	3,599,023	301,458	303,184	306,195	0	0	0	0	0	0	0	0	0
Current Portion of Mortgage Facilities	0	412,304	0	384,525	390,000	390,000	27,333	27,465	27,465	21,466	96,638	96,638	96,638	96,638	96,638
Current Portion of Finance Lease Liabilities	0	274,850	229,596	275,111	253,090	215,905	64,082	97,177	97,177	173,503	146,325	146,325	146,325	146,325	146,325
Income Taxes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Portion of Vendor Take-back Loan	0	0	0	0	0	0	500,000	502,918	502,918	509,231	1,007,125	500,000	500,000	500,000	0
Current Portion of Other & Term Loan Facility	0	0	0	0	0	88,705	87,365	297,241	297,241	218,470	298,086	298,086	298,086	298,086	298,086
<b>Total Current Liabilities</b>	<b>11,686,689</b>	<b>7,847,213</b>	<b>6,142,256</b>	<b>6,514,939</b>	<b>5,123,568</b>	<b>4,268,485</b>	<b>2,684,172</b>	<b>2,453,620</b>	<b>2,453,620</b>	<b>3,492,135</b>	<b>4,190,857</b>	<b>5,745,347</b>	<b>4,043,896</b>	<b>4,043,896</b>	<b>2,569,171</b>
<b>Non Current Liabilities</b>															
Long-term Loans and Borrowings	2,206,621	116,440	828,655	1,254,221	1,179,484	1,346,807	11,663,600	12,371,887	12,371,887	9,727,071	19,979,260	19,929,260	15,929,260	15,929,260	11,929,260
Future Income Taxes	0	0	0	0	0	0	0	1,599,212	1,599,212	1,599,212	2,863,742	2,863,742	2,863,742	2,863,742	2,863,742
<b>Shareholders' Equity</b>															
Common Stock - Par Value	24,032,800	24,945,960	24,945,960	25,577,890	25,577,890	25,577,890	26,077,890	25,921,249	25,921,249	26,658,236	33,151,359	34,621,359	34,621,359	34,621,359	34,621,359
Additional Paid in Capital	1,085,717	1,364,017	1,621,078	1,803,096	1,855,747	1,894,576	1,894,576	2,106,922	2,106,922	2,096,422	2,577,812	2,577,812	2,577,812	2,577,812	2,577,812
Retained Earnings (Deficit)	(9,243,865)	(13,300,600)	(18,864,720)	(18,785,840)	(18,617,140)	(18,200,360)	(18,130,000)	(16,297,255)	(16,297,255)	(13,130,373)	(14,673,296)	(12,085,186)	(5,830,508)	(5,830,508)	9,962,979
Accumulated Other Comprehensive Income (Loss)	(54,000)	11	8,015	(3,989)	32,018	(7,986)	(3,988)	(16,000)	(16,000)	(16,000)	0	0	0	0	0
Warrants	47,796	78,009	47,796	313,710	313,710	313,710	313,710	310,797	310,797	759,044	865,727	865,727	865,727	865,727	865,727
<b>Total Shareholders Equity</b>	<b>15,868,448</b>	<b>13,087,397</b>	<b>7,758,129</b>	<b>8,904,867</b>	<b>9,162,225</b>	<b>9,577,830</b>	<b>10,152,188</b>	<b>12,025,713</b>	<b>12,025,713</b>	<b>16,367,329</b>	<b>21,921,602</b>	<b>25,979,712</b>	<b>32,234,390</b>	<b>32,234,390</b>	<b>48,027,877</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>29,761,758</b>	<b>21,051,050</b>	<b>14,729,040</b>	<b>16,674,027</b>	<b>15,465,277</b>	<b>15,193,122</b>	<b>24,499,960</b>	<b>28,450,432</b>	<b>28,450,432</b>	<b>31,185,747</b>	<b>48,955,461</b>	<b>54,518,061</b>	<b>55,071,288</b>	<b>55,071,288</b>	<b>65,390,049</b>

Source: Company Reports and M Partners Estimates

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Hold:	Properly priced
Sell:	Price is inflated and expected to decrease
Under Review:	Not currently rated

Summary of Recommendations (as of July 2, 2013)		
Buy	52	93%
Hold	4	7%
Sell	0	0%
Total	56	100%