MARCH 31, 2018

RIDLEY TERMINALS INC.

2018 Q1 REPORT

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MANAGEMENT'S DISCUSSION & ANALYSIS

Forward-looking Statements

Certain statements in this report are forward-looking statements and are not historical facts. Inherent in these forward-looking statements are risks and uncertainties beyond the control or the ability of the Company to predict. Readers are cautioned that future results may vary materially from any results stated or inferred by forward-looking statements contained herein.

Overview

Prices for both metallurgical and thermal coal led to a strong start for Q1 and are forecasted to remain strong throughout 2018. The continued strength in coal markets resulted in another growth period for Ridley Terminals Inc. (RTI). RTI's largest customer, Conuma Coal Resources Limited (Conuma), experienced the largest growth in volume through RTI during the quarter, as both of its active mines were operational during the full period. It was late February 2017, when Conuma's second mine became active. Conuma is planning on bring its third mine on-line during 2018. RTI also received increased volume from Teck's coal mines during Q1 2018, compared to same period in 2017. Teck's current and forecasted production volumes remain strong and although RTI is not the primary option for Teck's coal shipments through the west coast of Canada, RTI does welcome their active business and commercial commitment to the terminal.

RTI's rail unloading volumes increased in the first quarter of 2018 by 13.31% or 228,000 tonnes when compared to 2017 for a total of 1,941,000 tonnes unloaded (2017: 1,713,000 tonnes). Ship-loading volumes increased by 25.75% or 410,000 tonnes during the first quarter of 2018 for a total of 2,002,000 tonnes loaded (2017: 1,592,000 tonnes).

Total comprehensive income for the first quarter of 2018 was $6,874,000 (2017: $846,000), for an increase of $6,028,000 or 712.53% compared with 2017.

RTI's active diversification initiative, which comprises AltaGas Ltd.'s., Ridley Island Propane Export Terminal (RIPET), is currently on track for beginning operations in 2019. This liquid propane gas (LPG) export terminal itself will operate independently from RTI. However, RTI will provide services to assist with the arrival and departures of LPG Railcars and Vessels. RIPET is located on lands provided by RTI, through a sublease arrangement.

Additional diversification efforts continue to look towards a myriad of Canadian commodities requiring an outlet to overseas markets. RTI's primary advantages over other west coast terminals in North America are the existence of a deep-water berth capable of housing vessels up to 250,000 DWT, closer proximity to overseas markets, and the uncongested CN rail corridor servicing the region. RTI has additional capacity options at its availability and continues to explore the potential for further terminal utilization and development. Diversification efforts are not only being undertaken to better position RTI to weather fluctuating commodity cycles, but also to improve overall asset utilization and to foster further development opportunities, which in turn will broadened the portfolio of products handled at RTI.

Operational Performance

The following table depicts select measures of comparative performance for the first quarter of 2018:

	2018	2017	Var ($)	Var (%)
Revenue	**23,504**	16,291	7,213	44.28%
Comprehensive income	**6,874**	846	6,028	712.53%
Cash flow from operations	**20,830**	19,249	1,581	8.21%
Vessel throughput (In 000's of tonnes)	**3,942**	3,305	637	19.27%

Revenues

	Note	2018	2017	Var ($)	Var (%)
(In thousands of Canadian dollars)					
Throughput		**20,428**	15,052	5,376	35.72%
Shortfall penalties	**3**	**1,759**	-	1,759	100.00%
Berthage, lines & despatch		**717**	425		
Sub-lease	**13**	**550**	259	291	112.36%
Other		**50**	555	(505)	-90.99%
Total revenues		**23,504**	16,291	7,213	44.28%

Total revenues earned in the first quarter of 2018 were $23,504,000 (2017: $16,291,000) for an increase of $7,213,000 or 44.28%.

Throughput revenue in the first quarter of 2018 was $20,428,000 (2017: $15,052,000) for an increase of 5,376,000 or 35.72%. In the first quarter of 2018, the average throughput revenue per tonne of shipments increased by $0.76 to $10.21, as opposed to $9.45 by the end of the first quarter in 2017.

Shortfall penalties of $1,759,000 were recognized in revenue in the first quarter of 2018 (2017: $0) as a result of the newly adopted accounting standard IFRS 15 Revenue (see Note 3 Significant Accounting Policies).

Other revenue dropped to $50,000 (2017: $555,000) which is significantly less over the same period in 2017. This reduction is due to a decrease in storage revenue earned from coal stored on site, due to improved turns time between the receipt of product and final shipment.

Sub-lease revenue rose to $550,000 (2017: $259,000) resulting in an increase of $291,000 or 112.36% over the same quarter in 2017. This is a result of a significant milestone payment made by AltaGas during the second quarter of 2017. The recognition of milestone payments in revenue occur over the life of the sub-lease agreement.

Coal volumes accounted for 84.02% of total terminal shipments in the first quarter of 2018, with petroleum coke covering the balance at 15.98%. A total of 25 vessels loaded product at RTI during the first quarter of 2018 compared to 20 vessels in the same period in 2017. Average vessel cargo volumes remained unchanged compared to the same quarter in 2017.

Operating Expenses

For the quarter ended March 31:

	2018	2017	Var ($)	Var (%)
(In thousands of Canadian dollars)				
Salaries, wages and benefits	**5,509**	4,866	643	13.21%
Lease rental	**3,324**	3,102	222	7.16%
Depreciation	**2,926**	1,813	1,113	61.39%
Contract and professional services	**1,496**	1,611	(115)	-7.14%
Equipment, operations and maintenance	**671**	1,224	(553)	-45.18%
General and administration	**1,030**	989	41	4.15%
Site utilities	**594**	632	(38)	-6.01%
Finance costs	**88**	141	(53)	-37.59%
Other	**52**	52	-	0.00%
Demurrage	**14**	45	(31)	-68.89%
Management services	**-**	11	(11)	-100.00%
	15,704	14,486	1,218	8.41%

Expenses during the first quarter of 2018 totaled $15,704,000 (2017: $14,486,000) for an increase of $1,218,00 or 8.41% over the prior year's first quarter.

Salaries, wages and benefits rose to $5,509,000 from $4,866,000 in the same quarter of 2017, for an increase of $643,000 or 13.21%. During March of 2017, RTI increased its operating hours and as a result incurred increased wages and related benefits. In the first quarter of 2018, salaries, wages and benefits comprised 35.08% of total expenses.

Lease rental expenses during the first quarter of 2018 were $3,324,000 compared to $3,102,000 in the first quarter of 2017, for an increase of $222,000 or 7.16%. In the first quarter of 2018, lease rental expenses comprised 21.16% of total recurring expenses.

Depreciation expenses rose to $2,926,000 from $1,813,000 in the same quarter of 2017, for an increase of $1,113,000 or 61.39%. This increase in depreciation is a direct result of the asset impairment reversal of $89,740,000 at December 31st, 2017. As the value of PPE was increased, depreciation has therefore increased. During this first quarter of 2018, depreciation expense comprised 18.63% of total recurring expenses.

Contract and professional services fell to $1,496,000 from $1,611,000 in the same quarter of 2017, for a decrease of $115,000 or 7.14%. Typically, a result of continued commercial and diversification initiatives, outlays in regards to professional services vary from year to year. In the first quarter of 2018, contract and professional service expenses comprised 9.52% of total expenses.

Equipment, operations and maintenance expenses dropped to $671,000 from $1,224,000 in the first quarter of 2017, for a decrease of $553,000 or 45.18%. Decreases in equipment, operations and maintenance expenses were a direct result having several large planned belt repairs and replacements in Q1 of 2017 versus smaller planned maintenance activities in Q1 of 2018. In the first quarter of 2018, equipment, operations and maintenance expenses comprised 4.27% of total recurring expenses.

General and administration expenses for the first quarter of 2018 were $1,030,000 compared to $989,000 in the same quarter of 2017, for an increase of $41,000 or 4.15%.

Site utilities decreased to $594,000 from $632,000 in the first quarter of 2017, for a decrease of $38,000 or 37.59%. Decreases in the cost of site utilities were a direct result of a new blended rate agreement for electricity while construction activity related to the RIPET Project is taking place on site. In the first quarter of 2018, site utilities expenses comprised 3.78% of total recurring expenses.

Cash Flows

Cash flows from operating activities rose in the first quarter of 2018 to $20,773,000 (2017: $19,249,000) for an increase of $1,524,000 or 7.92%. This increase is driven by higher terminal throughput in 2018, with an offset of increased payments to suppliers.

Cash used to invest in property, plant and equipment resulted in an outlay of $364,000 (2017: an outlay of $143,000). More significant, projects are planned during the remainder of 2018. RTI made no cash investments during the first quarter of 2018 (2017: an outlay of $20,127,000).

Cash flows used in financing activities also remained stable in the first quarter of 2018. No additional financing was drawn and regular repayments were made with a reduction in interest on lower principal.

Outlook

At March 31, 2018, RTI had working capital available of $152,488,000 (December 31, 2017: $125,437,000) for an increase of $ 27,051,000 or 21.57% and a current ratio of 6.51 (December 31, 2017: 5.77). This increase in working capital was primarily due to a re-class of investments from long-term to short-term. As such, RTI continues to exemplify the strong cash management practices. Management is pleased to maintain sufficient cash to discharge all liabilities and hopes to move forward with an investment strategy in the near future.

AltaGas Ltd. continues construction of their LPG Export Facility and with the expectation that the facility will be in operation in early 2019. While AltaGas Ltd. operates independently, RTI will assist with the arrival and departures of LPG Railcars and Vessels.

During the current period, Management is forecasting moderate to significant growth in volumes handled at the terminal. Active contract negotiations are currently being discussed to either increase existing volume commitments or to service new customers through additional service agreements. One of RTI's active contract discussions is for an annual tonnage commitment of 4.5 million tonnes, with an option to increase contracted volumes further depending on the availability of terminal capacity.

Forecasted coal and petcoke shipments during the 2018 year are estimated at 8.6 million tonnes, with an increase to 12.3 million tonnes by 2021. Of note, shipments that fall below a customer's guaranteed minimum trigger a shortfall payment to RTI, which can be rebated back to the customer in a future period, once they reach that current periods' obligations. For 2018, forecasted shipments are at 86% of their guaranteed levels, with the remainder of the planning period between 86% and 91%.

In order to meet future capacity requirements, RTI has undertaken preliminary activities, such as initial engineering and project description work, as well as continued discussions with relevant stakeholders, to substantiate the option of establishing a new berth face on RTI's existing dock structure. The new berth face would be designed to handled small to mid-size bulk carriers.

As demand increases for access to global markets for Canadian products, RTI is well positioned to facilitate much of this future growth demand by accessing uncongested rail lines and its undeveloped leased water lots. As always, management continues to strive for greater efficiency, growth, and productivity. It is with continued confidence that we present RTI's 2018 Q1 Financial Report.

Additional information relating to Ridley Terminals is available on RTI's website at www.rti.ca.

On behalf of the Directors,

(Signed) "Marc Dulude"
Marc Dulude
President and COO
May 29th, 2018

Statement of Financial Position

As at March 31 (In thousands of Canadian dollars)

	Note	March 31 2018	December 31 2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	4	**145,086**	126,611
Short-term investments	5	**20,290**	-
Accounts receivable	6	**7,173**	18,218
Inventory	7	**7,383**	6,578
Recycled site materials (Note 8)		**-**	-
Prepaid expenses		**206**	322
		180,138	151,729
Non-current assets			
Long-term investments	5	**2,500**	22,733
Pension benefit asset	8	**1,210**	2,820
Property, plant and equipment	9	**250,607**	253,130
		254,317	278,683
		434,455	430,412
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities		**12,308**	11,024
Current portion of long-term debt	10	**7,582**	7,508
Current portion of deferred revenue	11	**7,760**	7,760
		27,650	26,292
Non-current liabilities			
Other liabilities		**181**	181
Long-term debt	10	**3,848**	5,779
Asset retirement obligation	12	**6,920**	6,869
Deferred revenue	11	**65,955**	68,264
		76,904	81,093
		104,554	107,385
SHAREHOLDER'S EQUITY			
Capital stock		**136,042**	136,042
Contributed surplus		**64,000**	64,000
Accumulated retained earnings		**129,859**	122,985
		329,901	323,027
		434,455	430,412

Approved on behalf of the Board:

(Signed) "Name"
Michael McPhie
Board Chair

(Signed) "Name"
Shiva Dean
Audit Committee Chair

Statement of Comprehensive Income

For the quarter ended March 31 (In thousands of Canadian dollars)

	Note	2018	2017
		$	$
REVENUES			
Throughput		**20,428**	15,052
Shortfall penalties	3	**1,759**	-
Berthage, lines & despatch		**717**	425
Sub-lease	13	**550**	259
Other		**50**	555
		23,504	16,291
EXPENSES			
Salaries, wages and benefits		**5,509**	4,866
Lease rental	14	**3,324**	3,102
Depreciation	9	**2,926**	1,813
Contract and professional services		**1,496**	1,611
Equipment, operations and maintenance		**671**	1,224
General and administration		**1,030**	989
Site utilities		**594**	632
Finance costs		**88**	141
Other		**52**	52
Demurrage		**14**	45
Management services		**-**	11
		15,704	14,486
NET OPERATING INCOME		**7,800**	1,805
Interest income		**552**	268
Net foreign exchange loss		**11**	(5)
NET INCOME (LOSS) BEFORE OTHER COMPREHENSIVE INCC		**8,363**	2,068
OTHER COMPREHENSIVE LOSS			
(Not to be reclassified to comprehensive income in subsequent periods)			
Defined benefit plan actuarial losses	8	**(1,489)**	(1,222)
TOTAL COMPREHENSIVE INCOME		**6,874**	846

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity
For the quarter ended March 31
(In thousands of Canadian dollars)

	Capital Stock	Contributed Surplus	Accumulated Retained Earnings	Total
	$	$	$	$
Balance at January 1, 2017	136,042	64,000	1,637	201,679
Total comprehensive Income				
Net income	-	-	2,068	2,068
Defined benefit plan remeasurement loss	-	-	(1,222)	(1,222)
Total comprehensive income for the period	-	-	846	846
Balance at March 31, 2017	136,042	64,000	2,483	202,525
Balance at January 1, 2018	136,042	64,000	122,985	323,027
Total comprehensive loss				
Net income	-	-	8,363	8,363
Defined benefit plan remeasurement loss	-	-	(1,489)	(1,489)
Total comprehensive income for the period	-	-	6,874	6,874
Balance at March 31, 2018	**136,042**	**64,000**	**129,859**	**329,901**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the quarter ended March 31
(In thousands of Canadian dollars)

	Note	2018	2017
		$	$
OPERATING ACTIVITIES			
Cash receipts from customers		**32,226**	27,726
Interest received		**495**	268
Cash paid for salaries, wages and benefits		**(5,147)**	(4,416)
Defined benefit & defined contribution plan	8	**(945)**	(744)
Cash paid to suppliers		**(4,555)**	(2,644)
Cash paid for lease rental		**(1,301)**	(941)
Cash flows from operating activities		**20,773**	19,249
INVESTNG ACTIVITIES			
Cash paid to purchase property, plant and equipment		**(364)**	(143)
Cash paid to purchase investments		**-**	(20,127)
Cash flows from (used in) investing activities		**(364)**	(20,270)
FINANCING ACTIVITIES			
Repayment of long-term debt		**(1,857)**	(1,804)
Financing costs paid		**(88)**	(141)
Cash flows used in financing activities		**(1,945)**	(1,945)
Net increase (decrease) in cash and cash equivalents		**18,464**	(2,966)
Cash and cash equivalents, beginning of the year		**126,611**	76,080
Effect of exchange rate fluctuations on cash held		**11**	(5)
Cash and cash equivalents, end of the quarter		**145,086**	73,109

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(amounts in tables are in thousands of Canadian dollars)

1 – Significant changes in the current reporting period

The financial position and performance of RTI was particularly affected by the following events and transactions during the three months ended March 31st, 2018:

- Investments in GICs maturing in 2019 have been reclassified to current assets as at March 31st, 2018
- With the adoption of IFRS 15 Revenue an additional shortfall payment was recognized in the period ending March 31st
- Long term debt repayments continued but as a result of overall lower principal amount, financing costs continue to decrease (no new debt was created)
- AR decreased substantially due to the prompt payment of shortfall invoices issued at December 31st, 2017
- Increased depreciation as a result from the significant asset impairment reversal from December 31, 2017
- For a more detailed discussion about the Company's performance and financial positions, refer to Managements Discussion & Analysis on pages 2 to 6

2 – Basis of Presentation

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance since the last annual consolidated interim statements as at and for the year ended December 31, 2017. These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements prepared in accordance with IFRS.

These interim financial statements were authorized for issue by the Board on June 4th, 2018.

3 – Significant Accounting Policies

Except as described below, these financial statements have been prepared using the significant accounting policies and methods consistent with those applied in the Annual Report for the year ended December 31, 2017.

The changes in accounting policies are expected to be reflected in the financial statements as at and for the year ending December 31, 2018.

RTI has initially adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* from January 1, 2018. The adoption of the new standards does not have a material effect on RTI's financial statements.

IFRS 15, *Revenue from Contracts with Customers ("IFRS 15")*

Effective January 1, 2018, the Company adopted IFRS 15 which replaced IAS 18, *Revenue* and a number of revenue related standards and interpretations. IFRS 15 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 also been introduced, which may affect the amount and/or timing of revenue recognized.
The adoption of this standard did not impact the measurement of revenue generated from the provision of services to customers however it had an impact of the recognition of shortfall penalties. For the three month period ended March 31, 2018, the additional revenue recognized was $1,789,000 (March 31, 2017 - $0).

It is important to highlight that this recognition of additional shortfall revenue is a non-cash transaction and offset by deferred revenue. Actual shortfall invoices are issued when incurred. The Company's new policy is to reevaluate the amount recognized as shortfall penalties at each reporting period.

IFRS 9, *Financial Instruments ("IFRS 9")*

Effective January 1, 2018, the Company adopted IFRS 9, which replaced the multiple classification and measurement models in IAS 39 *Financial Instruments: Recognition and Measurement*, with a single model that has two classification categories: amortized cost and fair value. IFRS 9 also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities.

The adoption of IFRS 9 did not have an impact on the financial statements given the nature of the Company's operations and the types of financial instruments that it currently holds. There was no change in the classification or measurement of the Company's financial assets and liabilities with the exception of the use of the expected credit loss model to determine the allowance for credit loss for trade accounts receivable. The application of the expected credit loss model to determine the allowance for credit loss did not impact the December 31, 2017 consolidated financial statements and therefore prior period amounts have not been restated.

The Company's new policy is the allowance for credit loss is determined using both specific identification of customer accounts and the expected credit loss model. The Company uses an estimate of the net recoverable amount for specific customer accounts it has identified and the expected credit loss model for the remaining customer accounts based on historical experience of uncollectable amounts. Accounts that are considered uncollectable are written off.

IFRS 9 also replaces the incurred loss model in IAS 39 with an expected credit loss (“ECL”)model. Unders IFRS 9, RTI will recognize loss allowances where the ECLs result from all possible default events over the expected life of a financial instrument. RTI has elected to measure loss allowances for trade receivables and any future contract assets at an amount equal to lifetime ECLs. The adoption of the ECL model resulted in no change to opening balances at January 1, 2018.

Accounting Standards Issued But Not Yet Effective

IFRS 16: Leases

In January 2016, the IASB issued IFRS 16 - *Leases*, which supersedes IAS 17 - *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. The standard requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value The Company anticipates the adoption of IFRS 16 to have an impact on the financial statements, however the extent of the anticipated impact is not known at this time.

4 – Cash and Cash Equivalents

	March 31 2018	December 31 2017
(In thousands of Canadian dollars)	$	$
Cash	147,586	126,611
Term deposits	-	-
	147,586	126,611

5 – Investments

Investments held in GICs maturing in 2019 have been reclassified to current assets as at March 31st, 2018. There were no other changes in investments during the period.

6 – Accounts Receivable

	March 31 2018	December 31 2017
(In thousands of Canadian dollars)	$	$
Trade	7,123	17,770
Allowance for doubtful accounts	(160)	(160)
Net trade receivable	6,963	17,610
Other	210	608
Total accounts receivable	7,173	18,218

The allowance for doubtful accounts is related to a receivable that is over a year past due and relates to one customer. Other accounts receivable consists of net recoverable GST and miscellaneous receivables.

7 – Inventory

The amount expensed as a result of write-downs of inventory to net realizable value during the quarter was $2,400 (2017: $1,100). The amount of inventory expensed during the quarter was $395,000 (2017: $543,000).

8 – Pension Benefits

Defined Contribution Pension Plan

The defined contribution plan expenses for the quarter ended March 31, 2018 were $89,000 (2017: $78,000).

Defined Benefit Pension Plan

The movement in the defined benefit obligation over the quarter is as follows:

(In thousands of Canadian dollars)	March 31 2018	December 31 2017
Defined benefit obligations, beginning of period	75,738	67,674
Current service costs	593	2,164
Past service costs	-	-
Interest expense	682	2,706
Benefits paid by the plan	(664)	(1,837)
Contributions by plan participants	128	424
Remeasurements		
- Effect of changes in demographic assumptions	-	-
- Effect of changes in financial assumptions	-	5,239
- Effect of experience adjustments	-	(632)
Defined benefit obligations, end of period	76,477	75,738

The movement in the fair value of plan assets over the quarter is as follows:

(In thousands of Canadian dollars)	**March 31 2018**	**December 31 2017**
Fair value of plan assets, beginning of year	78,558	70,924
Interest income	723	2,892
Contributions by the Company	470	3,151
Contributions by plan participants	128	424
Benefits paid by the plan	(664)	(1,837)
Administrative expenses paid from plan assets	(39)	(157)
Return on plan assets (excluding interest income)	(1,489)	3,161
Fair value of plan assets, end of year	77,687	78,558

The (asset) liability in the statement of financial position is summarized below:

(In thousands of Canadian dollars)	**March 31 2018**	**December 31 2017**
Defined benefit obligations	76,477	75,738
Fair value of plan assets	(77,687)	(78,558)
Net (asset) liability	(1,210)	(2,820)

9 – Property, Plant and Equipment

During the period, there were no major changes in property, plant and equipment. Depreciation for the quarter was $2,926,000 (2017: $1,813,000). This change in depreciation is a direct result from the impairment reversal as at December 31, 2017.

During the quarter, the Company recognized $342,000 (2017: $67,000) of additional expenditures in the amount of Terminal Facility assets from construction activity. No depreciation related to property, plant and equipment not yet available for use has been recognized for the quarter.

10 – Long-Term Debt

As at March 31, 2018, estimated principal repayments on outstanding long-term debt are as follows:

(In thousands of Canadian dollars)	**$**
2018	5,651
2019	5,779
Total	11,430

The final scheduled payment occurs in August of 2019.

11 – Deferred Revenue

	2018 Opening	2018 Additions	2018 Shortfall penalties & Sublease Revenue Recognized	2018 Reductions	March 31 2018 Ending
(In thousands of Canadian dollars)	$	$	$	$	$
Deposits	13,224	-	-	-	13,224
Shortfall penalties	16,044	-	(1,759)	-	14,285
Sub-lease	46,756	-	(550)	-	46,206
	76,024	-	(2,309)	-	73,715

12 – Asset Retirement Obligation

	March 31 2018	**December 31 2017**
(In thousands of Canadian dollars)	$	$
Balance, beginning of year	6,869	7,199
Reclass to deferred revenue	-	(546)
Accretion expense	52	216
Balance, end of year	6,921	6,869

During the quarter, there were no changes made in estimates or assumptions relating the Asset Retirement Obligation.

13 – Sub-lease

The Company has recognized the amounts received as sub-lease deferred revenue (Note 11), and is recognizing revenue on a straight-line basis over the initial lease period. The expected amounts to be recognized in revenue over the term of the sub-lease are as follows:

(In thousands of Canadian dollars)	
2018	1,650
2019	2,576
2020	2,701
2021	2,701
2022	2,701
Subsequent years	43,879
Total	56,208

In 2018, $550,000 (2017: $259,000) was recognized in sub-lease revenue.

14 – Commitments

Lease Rental

For the quarter ended March 31, 2018, the Company made $1,401,000 (2017: $1,098,000) in lease payments to PRPA, out of $14,216,000 in minimum rent due for the contract year ending March 31, 2019 (2018: $13,294,000).

15 – Related Parties

Government of Canada

The Company is related to all Government of Canada departments, agencies and Crown corporations. The lease agreement with the PRPA (Note 14) is a related party transaction.

Key Management Compensation

The compensation for key management, which includes the Company's directors and current President and COO, in respect of employee services is as follows:

	March 31 2018	**March 31 2017**
(In thousands of Canadian dollars)	$	$
Wages, bonus and short-term benefits	149	119
Post-employment benefits	10	10
	159	129

Each of the Company's directors is appointed to office by the Governor in Council. Each appointment contains an Order in Council for authority to pay, which establishes an annual retainer and per diem rate. The President and COO is appointed by the Company's Board of Directors, who authorize compensation and benefits.

DIRECTORY

Directors

David E.G. Bromley
Businessperson
West Vancouver, BC

Shiva Dean*
Businessperson
St. Albert, AB

Gillian Kirk
Businessperson
Port Coquitlam, BC

Melanie MacKay
Businessperson
Richmond, BC

Scott Shepherd
Businessperson
Vancouver, BC

Catherine Wade
Businessperson
Delta, BC

* Chair of Audit Committee

Corporate Secretary

Sandra Knowler
Vancouver, BC

Officers

Michael McPhie
Chairman

Marc Dulude
President & COO

Senior Management

Dennis Blake
Senior Manager

Cordell Dixon, CPA,CMA
Senior Controller

Corporate Affairs

Colin Metcalfe
VP of Corp. Affairs

Legal Counsel
McMillan LLP
Vancouver, BC

External Auditors
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