

Consolidated statements of earnings

For the years ended December 31 (\$Cdn thousands, except per share amounts)	Note	2018	2017
Revenue from products and services	17	\$ 2,091,661	\$ 2,156,852
Cost of products and services sold		1,467,940	1,390,233
Depreciation and amortization		327,973	330,345
Cost of sales		1,795,913	1,720,578
Gross profit		295,748	436,274
Administration		141,552	163,095
Impairment charges	8, 9	-	358,330
Exploration		20,283	29,933
Research and development		1,757	5,660
Other operating expense	15	59,616	43
Loss on disposal of assets		2,303	6,947
Earnings (loss) from operations		70,237	(127,734)
Finance costs	19	(111,779)	(110,608)
Gain (loss) on derivatives	26	(81,081)	56,250
Finance income		22,071	5,265
Share of earnings from equity-accounted investee	11	32,321	-
Other income (expense)	20	108,160	(30,410)
Earnings (loss) before income taxes		39,929	(207,237)
Income tax recovery	21	(126,306)	(2,519)
Net earnings (loss)		\$ 166,235	\$ (204,718)
Net earnings (loss) attributable to:			
Equity holders		166,323	(204,942)
Non-controlling interest		(88)	224
Net earnings (loss)		\$ 166,235	\$ (204,718)
Earnings (loss) per common share attributable to equity holders:			
Basic	22	\$ 0.42	\$ (0.52)
Diluted	22	\$ 0.42	\$ (0.52)

See accompanying notes to consolidated financial statements.

Consolidated statements of comprehensive income

For the years ended December 31 (\$Cdn thousands)	Note	2018	2017
Net earnings (loss)		\$ 166,235	\$ (204,718)
Other comprehensive income (loss), net of taxes:			
Items that will not be reclassified to net earnings:			
Remeasurements of defined benefit liability ¹	25	6,226	(6,216)
Equity investments at FVOCI - net change in fair value ²		(9,728)	5,837
Items that are or may be reclassified to net earnings:			
Exchange differences on translation of foreign operations		(1,875)	(44,080)
Reclassification of foreign currency translation reserve to net earnings	20	(5,450)	-
Other comprehensive loss, net of taxes		(10,827)	(44,459)
Total comprehensive income (loss)		\$ 155,408	\$ (249,177)
Other comprehensive income (loss) attributable to:			
Equity holders		\$ (10,854)	\$ (44,449)
Non-controlling interest		27	(10)
Other comprehensive loss for the year		\$ (10,827)	\$ (44,459)
Total comprehensive income (loss) attributable to:			
Equity holders		\$ 155,469	\$ (249,391)
Non-controlling interest		(61)	214
Total comprehensive income (loss) for the year		\$ 155,408	\$ (249,177)

¹ Net of tax (2018 - \$(2,200); 2017 - \$2,155)

² Net of tax (2018 - \$1,349; 2017 - \$(665))

See accompanying notes to consolidated financial statements.

Consolidated statements of financial position

As at December 31 (\$Cdn thousands)	Note	2018	2017
Assets			
Current assets			
Cash and cash equivalents		\$ 711,528	\$ 591,620
Short-term investments		391,025	-
Accounts receivable	6	402,350	396,824
Current tax assets		6,996	11,408
Inventories	7	467,795	949,766
Supplies and prepaid expenses		89,206	149,872
Current portion of long-term receivables, investments and other	10	13,826	36,089
Total current assets		2,082,726	2,135,579
Property, plant and equipment	8	3,881,926	4,191,892
Goodwill and intangible assets	9	65,602	70,012
Long-term receivables, investments and other	10	751,868	520,073
Investment in equity-accounted investee	11	230,502	-
Deferred tax assets	21	1,006,012	861,171
Total non-current assets		5,935,910	5,643,148
Total assets		\$ 8,018,636	\$ 7,778,727
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 224,754	\$ 258,405
Current tax liabilities		19,633	20,133
Dividends payable		-	39,579
Current portion of long-term debt	13	499,599	-
Current portion of other liabilities	14	79,573	54,370
Current portion of provisions	15	52,316	38,507
Total current liabilities		875,875	410,994
Long-term debt	13	996,072	1,494,471
Other liabilities	14	142,061	126,103
Provisions	15	1,011,036	875,033
Deferred tax liabilities	21	-	12,467
Total non-current liabilities		2,149,169	2,508,074
Shareholders' equity			
Share capital		1,862,652	1,862,652
Contributed surplus		234,982	224,812
Retained earnings		2,791,321	2,650,417
Other components of equity		104,327	121,407
Total shareholders' equity attributable to equity holders		4,993,282	4,859,288
Non-controlling interest		310	371
Total shareholders' equity		4,993,592	4,859,659
Total liabilities and shareholders' equity		\$ 8,018,636	\$ 7,778,727

Commitments and contingencies [notes 8, 15, 21]

See accompanying notes to consolidated financial statements.

Consolidated statements of changes in equity

(\$Cdn thousands)	Attributable to equity holders						Non-controlling interest	Total equity
	Share capital	Contributed surplus	Retained earnings	Foreign currency translation	Equity investments at FVOCI	Total		
Balance at January 1, 2018	\$ 1,862,652	\$ 224,812	\$ 2,650,417	\$ 112,341	\$ 9,066	\$ 4,859,288	\$ 371	\$ 4,859,659
Net earnings (loss)	-	-	166,323	-	-	166,323	(88)	166,235
Other comprehensive income (loss)	-	-	6,226	(7,352)	(9,728)	(10,854)	27	(10,827)
Total comprehensive income (loss)	-	-	172,549	(7,352)	(9,728)	155,469	(61)	155,408
Share-based compensation	-	14,976	-	-	-	14,976	-	14,976
Restricted and performance share units released	-	(4,806)	-	-	-	(4,806)	-	(4,806)
Dividends	-	-	(31,645)	-	-	(31,645)	-	(31,645)
Balance at December 31, 2018	\$ 1,862,652	\$ 234,982	\$ 2,791,321	\$ 104,989	\$ (662)	\$ 4,993,282	\$ 310	\$ 4,993,592
Balance at January 1, 2017	\$ 1,862,646	\$ 216,213	\$ 3,019,872	\$ 156,411	\$ 3,229	\$ 5,258,371	\$ 157	\$ 5,258,528
Net earnings (loss)	-	-	(204,942)	-	-	(204,942)	224	(204,718)
Other comprehensive income (loss)	-	-	(6,216)	(44,070)	5,837	(44,449)	(10)	(44,459)
Total comprehensive income (loss)	-	-	(211,158)	(44,070)	5,837	(249,391)	214	(249,177)
Share-based compensation	-	13,960	-	-	-	13,960	-	13,960
Stock options exercised	6	(1)	-	-	-	5	-	5
Restricted and performance share units released	-	(5,360)	-	-	-	(5,360)	-	(5,360)
Dividends	-	-	(158,297)	-	-	(158,297)	-	(158,297)
Balance at December 31, 2017	\$ 1,862,652	\$ 224,812	\$ 2,650,417	\$ 112,341	\$ 9,066	\$ 4,859,288	\$ 371	\$ 4,859,659

See accompanying notes to consolidated financial statements.

Consolidated statements of cash flows

For the years ended December 31 (\$Cdn thousands)	Note	2018	2017
Operating activities			
Net earnings (loss)		\$ 166,235	\$ (204,718)
Adjustments for:			
Depreciation and amortization		327,973	330,345
Deferred charges		10,683	(1,101)
Unrealized loss (gain) on derivatives		74,295	(62,569)
Share-based compensation	24	14,976	13,960
Loss on disposal of assets		2,303	6,947
Finance costs	19	111,779	110,608
Finance income		(22,071)	(5,265)
Share of earnings in equity-accounted investee	11	(32,321)	-
Impairment charges	8, 9	-	358,330
Other expense (income)	20	(100,310)	30,522
Other operating expense	15	59,616	43
Income tax recovery	21	(126,306)	(2,519)
Interest received		18,311	11,592
Income taxes paid		(20,709)	(77,182)
Other operating items	23	183,062	87,057
Net cash provided by operations		667,516	596,050
Investing activities			
Additions to property, plant and equipment		(55,362)	(114,028)
Increase in short-term investments		(391,025)	-
Increase in long-term receivables, investments and other		33,508	19,023
Proceeds from sale of property, plant and equipment		1,249	1,951
Net cash used in investing		(411,630)	(93,054)
Financing activities			
Interest paid		(72,976)	(69,498)
Proceeds from issuance of shares, stock option plan		-	4
Dividends paid		(71,224)	(158,297)
Net cash used in financing		(144,200)	(227,791)
Increase in cash and cash equivalents, during the year		111,686	275,205
Exchange rate changes on foreign currency cash balances		8,222	(3,863)
Cash and cash equivalents, beginning of year		591,620	320,278
Cash and cash equivalents, end of year		\$ 711,528	\$ 591,620
Cash and cash equivalents is comprised of:			
Cash		\$ 317,296	\$ 190,174
Cash equivalents		394,232	401,446
Cash and cash equivalents		\$ 711,528	\$ 591,620

See accompanying notes to consolidated financial statements.