MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the operating performance and financial condition of The Churchill Corporation ("Churchill" or the "Corporation"), for the three months ended March 31, 2013, contains information current to May 7, 2013 and should be read in conjunction with the March 31, 2013 Condensed Consolidated Interim Financial Statements and related notes thereto. Unless otherwise specified all amounts are expressed in Canadian dollars.

On January 1, 2011, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, became the Canadian generally accepted accounting principles ("GAAP") for the basis of preparation of financial statements for publicly accountable enterprises. The information presented in this MD&A, including information relating to comparative periods in 2012, is presented in accordance with IFRS unless otherwise noted.

Forward-Looking Information

Certain information contained in this MD&A may constitute forward-looking information. This information relates to future events or the Corporation's future performance. All statements, other than statements of historical fact, may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this MD&A should not be unduly relied upon by investors as actual results may vary. This information speaks only as of the date of this MD&A and is expressly qualified, in its entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking information, pertaining to the following:

- The Board's confidence in the Corporation's ability to generate sufficient operating cash flows to support management's business plans and its intention to continue to pay a quarterly dividend;
- Management's 2013 capital expenditure and EBITDA projections including, without limitation, a second quarter EBITDA forecast between $6.5 million and $7.5 million, and

the expected material improvement in Churchill's financial results in the third quarter of 2013;

- The expectation that any of the Corporation's operating companies will improve or maintain their business prospects or continue to grow their revenue, earnings and backlog in any manner whatsoever including, without limitation, through margin expansion, organic growth, new project awards or productivity efficiencies;

- Expectations regarding the ability of any of the Corporation's operating companies to add to or execute upon work-in-hand or active backlog;

- Management's belief that the Corporation either has or has access to sufficient capital resources and liquidity to meet its commitments, support its operations, finance capital expenditures, support growth strategies and fund dividends;

- Expectations as to future general economic conditions and the impact those conditions may have on the Corporation and its businesses including, without limitation, the discussion under the heading entitled "Outlook" pertaining to competition, government and institutional spending in Western Canada, margin expansion in certain of the Corporation's operating companies, and the ability of the Corporation to compete for projects;

- The Corporation's projected use of cash resources; and

- The ability of the Corporation's operating companies to execute upon their strategic and annual operating plans to expand geographically, target larger projects, hire talented employees, capture or maintain market share and increase operational scope and customer bases.

With respect to forward-looking information listed above and contained in this MD&A, the Corporation has made assumptions regarding, among other things:

- The expected performance of the global and Canadian economies and the effects thereof on the Corporation's businesses;

- The ability of the Corporation to attract future debt and/or equity investors;

- The impact on the Corporation of competition;

- The global demand for oil and natural gas, its impact on commodity prices and its related effect on capital investment projects in Western Canada; and

- Government policies.

The Corporation's actual results could differ materially from those anticipated in this forward-looking information as a result of the risk factors set forth below:

- General global economic and business conditions including the effect, if any, of a slowdown in western Canada and/or a further slowdown in the U.S.;
- Weak capital and/or credit markets;
- Fluctuations in currency and interest rates;
- Changes in laws and regulations;
- Limited geographical scope of operations;
- Timing of client's capital or maintenance projects;
- Dependence on the public sector;
- Competition and pricing pressures;
- Unexpected adjustments and cancellations of projects;
- Action or non-action of customers, suppliers and/or partners;
- Inadequate project execution;
- Unpredictable weather conditions;
- Erroneous or incorrect cost estimates;
- Adverse outcomes from current or pending litigation;
- Interruption of information technology systems; and
- Those other risk factors described in the Corporation's most recent Annual Information Form filed under the Corporation's SEDAR profile at www.sedar.com.

The forward-looking statements contained in this MD&A are made as of the date hereof and the Corporation undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

Non-IFRS Measures

Throughout this MD&A certain measures are used that, while common in the construction industry, are not recognized measures under IFRS. The measures used are "contract income margin percentage", "work-in-hand", "backlog", "working capital", "EBITDA", "EBT", "funds from operations", "funds from operations per share" and "book value per share". These measures are used by management of the Corporation to assist in making operating decisions and assessing performance. They are presented in this MD&A to assist readers to assess the performance of the Corporation and its operating companies. While Churchill calculates these measures consistently from period to period, they likely will not be directly comparable to similar measures used by other companies because they do not have standardized meanings prescribed by IFRS. Please review the discussion of these measures in “Terminology” below.

Additional Information

Additional information regarding Churchill, including the Corporation’s current Annual Information Form and other required securities filings, is available on Churchill’s website at www.churchillcorporation.com and under Churchill’s SEDAR profile at www.sedar.com.

Executive Summary

Core Business and Strategy

The Corporation provides general contracting and electrical contracting and data systems in the institutional and commercial markets, and general contracting, industrial electrical, mechanical contracting, industrial insulation and earthmoving services in the industrial construction market.

Key Performance Drivers and Capabilities

Our performance depends upon, among other things, our ability to maintain a strong safety program; attract and retain qualified people; strong project and financial reporting systems to manage projects and costs efficiently; increasing backlog by exceeding customer expectations and earning repeat business; adequate liquidity to fund working capital and a balance sheet which allows us to pursue growth initiatives, such as geographic and service expansion.

Results

- In Q1 2013, our EBITDA decreased by 51% to $6.8 million, compared to $13.7 million in Q1 2012. Net earnings fell from $3.1 million in Q1 2012 to a net loss of $1.2 million in Q1 2013 primarily due to lower revenues and contract margins within the general contracting segment, lower contract margins within the commercial systems segment and lower revenues from the industrial services segment. Diluted loss per share of $0.05 in Q1 2013 compared unfavourably to diluted earnings per share of $0.13 in Q1 2012.
- As at March 31, 2013, the Corporation was in full compliance with its covenants, had available cash of $49.4 million and had additional borrowing capacity of $27.3 million.

Declaration of Common Share Dividend

On May 7, 2013 Churchill's Board of Directors declared a common share dividend of $0.12 per share. The dividend is designated as an eligible dividend under the Income Tax Act (Canada) and is payable July 16, 2013 to shareholders of record on June 28, 2013. The declaration of this dividend reflects the confidence of Churchill's Board of Directors in the ability of the Corporation to generate ongoing cash flows adequate to support management's plans to grow Churchill's operations while providing a certain amount of income to its shareholders. The Board's intention is to continue to pay a quarterly dividend that rewards existing shareholders and allows new investors with an income mandate to invest in the Corporation's common shares.

The Corporation has in place a dividend reinvestment plan ("DRIP"), for which details are available on Churchill's website (www.churchillcorporation.com).

Future dividend payments may vary depending on a variety of factors and conditions existing from time-to-time, including overall profitability, debt service requirements, operating costs and other factors affecting cash sources and uses.

Outlook

Our first quarter 2013 EBITDA was ahead of our expectations as the favourable resolution of project contingencies in the General Contracting and Industrial Services segments added to our operational performance. We are reiterating our 2013 guidance range of $45 to $55 million of EBITDA. The outlook for each segment ranges from stable in our Commercial Systems and Industrial Services segments to improving in the General Contracting segment. As a result of expectations for only modest improvement in EBITDA from our General Contracting segment, lower EBITDA from the Commercial Systems and lower EBITDA margin percentage from our Industrial Services segment, our consolidated second quarter 2013 EBITDA is forecast to be in the range of $6.5 to $7.5 million. Material improvement in Churchill's financial results is expected with the third quarter reporting period.

Risks

Various factors could cause our actual results to differ materially from those anticipated in our forward-looking statements and are described in this document and the "Risk Factors" section of Churchill's Annual Information Form.

Core Business and Strategy

Churchill provides institutional, commercial and industrial construction and maintenance services. As of March 31, 2013, Churchill had 3,314 employees (707 salaried employees and 2,607 hourly employees). Churchill is focused on growing revenue and earnings through organic growth and an expanded geographical presence, accelerating the growth of its higher margin Industrial Services segment, and leveraging client relationships through integrating the services of its industrial operating companies.

Strategy

- Emphasize value added construction and other partnering methods of project delivery;
- Target contracts for larger, more complex projects;
- Improve diversity of product and service lines;
- Expand geographically to create value;
- Hire the best people and ensure that they have the best tools; and
- Maintain a strong balance sheet to support growth objectives.

Business Segments

The Corporation reports its results under four business segments: General Contracting, Commercial Systems, Industrial Services, and Corporate and Other. The Corporation regularly analyzes the results of these categories independently as they serve different end-markets, require different execution skill sets, generate different gross margin yields and have different risk profiles. The evaluation of results by segment and by individual operating entity is consistent with the way in which management performance is assessed. In order to understand more clearly the operating results for the Corporation, the discussion of business results within this MD&A will be focused mainly at the business segment level.

Stuart Olson Dominion Construction Ltd. ("Stuart Olson Dominion"), Churchill's largest operating company, forms the General Contracting segment. Canem Holdings Ltd. ("Canem") forms the Commercial Systems segment. Both of these companies have revenue and earnings in excess of 10% of the consolidated revenue and earnings of the Corporation, thus justifying separate disclosure under *IFRS 8, Operating Segments.* Although both of these companies serve the institutional/commercial construction market, they operate independently and provide different products and services to different classes of customers, in that Stuart Olson Dominion's customers are primarily project owners and Canem typically subcontracts to general contractors.

Churchill Services Group Inc. ("CSG") and Broda Construction Inc. ("Broda") collectively form the Industrial Services segment on the basis that they have similar economic characteristics and are similar in terms of services provided, production processes, customers, methods of service delivery and the regulatory environment in which they operate.CSG has three divisions: Laird Electric Inc. ("Laird Electric"), Laird Constructors Inc. ("Laird Constructors") and Specialty Services (being Fuller Austin Inc. ("Fuller Austin") and Northern Industrial Insulation Contractors Inc. ("Northern")).

General Contracting

General Contracting consists of Stuart Olson Dominion. Headquartered in Calgary, Alberta, Stuart Olson Dominion constructs commercial, institutional and industrial buildings. Stuart Olson Dominion has been a general contractor since 1911 and has branch offices in Richmond, British Columbia; Calgary and Edmonton, Alberta; Saskatoon and Regina, Saskatchewan; and Winnipeg, Manitoba.

Stuart Olson Dominion's preferred operating methodology is Integrated Project Delivery, which includes, at a minimum, tight collaboration between the owner, architect/engineers and the builder ultimately responsible for construction of the project from early design to project handover. As construction manager and a member of the project team, Stuart Olson Dominion has the opportunity to provide significant cost, schedule, and constructability input into the design. Integrated projects may take the form of Construction Management at Risk ("CM"); meaning Stuart Olson Dominion works in a consultative way on a cost-plus fee basis for the design phase of the project and converts the arrangement to a fixed price contract for the construction phase. This is a value-added form of project delivery which differentiates Stuart Olson Dominion from other general contractors who perform tendered (hard-bid) projects. The construction manager generally mitigates price and schedule risk by entering into fixed price contracts, with defined scope and timeline, with the subcontractors that it selects to build the project. Most of Stuart Olson Dominion's clients prefer this form of project delivery.

For the first quarter of 2013, Stuart Olson Dominion delivered 48% of Churchill's consolidated revenue (excluding intersegment eliminations), (5)% of earnings before interest, taxes, depreciation and amortization ("EBITDA") (excluding the Corporate and Other segment and intersegment eliminations) and 66% of total backlog. During the first quarter of 2012, Stuart Olson Dominion comprised 56% of consolidated revenue, 30% of EBITDA and 74% of total backlog.

Commercial Systems

Commercial Systems is comprised of Canem, which designs, builds, maintains and services electrical and data communication systems for commercial, institutional, light industrial and multi-family residential customers. With its head office in Richmond, B.C., its services include: (a) design of electrical distribution systems within a building or complex; (b) procurement and installation of electrical equipment and materials; (c) on-call service for electrical maintenance and troubleshooting; (d) preventative and scheduled maintenance for critical component installations; (e) budgeting and pre-construction services; and (f) management of regional and national contracts for multi-site installations.

For the first quarter of 2013, Canem provided 20% of Churchill's consolidated revenue (excluding intersegment eliminations), 41% of EBITDA (excluding the Corporate and Other segment and intersegment eliminations) and 11% of total backlog. During the first quarter of 2012, Canem represented 14% of consolidated revenue, 28% of EBITDA and 12% of total backlog.

Industrial Services

The Industrial Services segment consists of CSG and Broda. CSG has three divisions, being Laird Electric, Laird Constructors and Specialty Services.

- Laird Electric is headquartered in Edmonton, Alberta and provides electrical, instrumentation and power-line construction and maintenance services to resource and industrial clients, primarily in the oil and gas industry within the Fort McMurray and greater Edmonton regions.
- Laird Constructors is headquartered in Sudbury, Ontario and is a multi-trade contractor providing electrical, instrumentation, power-line, mechanical and structural construction and maintenance services to resource and industrial clients, primarily in the mining and power generation industries in Ontario, Manitoba and Saskatchewan.
- Specialty Services is headquartered in Edmonton, Alberta and consists of Fuller Austin and Northern. It serves industrial clients with insulation, asbestos abatement, siding application, heating, ventilation and air conditioning ("HVAC") and plant maintenance services. Its clients are in the oil sands, oil and natural gas, petrochemical, forest products, power utilities and mining industries.

Broda is headquartered in Prince Albert, Saskatchewan, providing aggregate processing, earthwork, civil construction, concrete production and related services to mining and infrastructure organizations, as well as providing ballast to Canada's two major railway corporations.

CSG and Broda have many similarities, including common customers such as Saskatchewan's major potash and uranium mining organizations. Management believes that offering fully integrated industrial services through CSG has allowed, and will continue to allow Churchill to pursue larger projects and contracts within the industrial environment.

For the first quarter of 2013, Industrial Services constituted 33% of Churchill's consolidated revenue (excluding intersegment eliminations), 64% of EBITDA (excluding the Corporate and Other segment and intersegment eliminations) and 23% of total backlog. During the first quarter of 2012, Industrial Services amounted to 30% of consolidated revenue, 42% of EBITDA and 14% of total backlog.

Corporate and Other

The Corporate and Other business segment includes Churchill's corporate and staff functions of accounting, treasury, human resources, information technology services, corporate development, investor relations, legal services and internal audit. The costs of some functions, such as information technology services, are allocated proportionately to the other business segments, and other costs remain in Corporate and Other. The corporate centre provides strategic direction, operating oversight, legal services, financing, infrastructure services and management of public company requirements to each of Churchill's business segments.

Additionally, the Corporation reports certain assets held-for-sale, which at March 31, 2013 consisted of agricultural land located near Lamont, Alberta.

Key Performance Drivers and Capabilities

Our performance depends upon, among other things, our ability to maintain a strong safety program; attract and retain qualified people; strong project and financial reporting systems to manage projects and costs efficiently; increasing backlog by exceeding customer expectations and earning repeat business; and adequate liquidity to fund working capital and pursue growth initiatives, such as geographic and service expansion.

Safety

Safety in our operating companies is very important. It receives the attention of the leadership team at Churchill via the Health, Safety and Environment ("HS&E") Council and the HS&E Committee of Churchill's Board of Directors. An excellent safety record and culture is a critical element in pre-qualifying for industrial work and in recruiting employees across the entire organization.

People

To attract and retain qualified staff we offer market-competitive compensation and benefits, including referral bonuses, year-end bonuses and a share purchase plan available to all employees; matching contributions into a Registered Retirement Savings Plan ("RRSP") or enrolment in a defined-contribution pension plan.

We engage in company-wide conference calls and town hall meetings to promote engagement and a link to the other organizations under the Churchill Group of Companies. We offer leadership and career development opportunities. To measure our success in attracting and retaining staff, we use tools such as onboarding and exit interviews. We also track turnover rates for our staff through our human resources department.

Systems

We have invested heavily in technology to put the best tools in the hands of our employees so they can be successful in delivering projects.

Operational Excellence

Successful project delivery is at the core of operational excellence. It's required for Churchill to retain its client's and secure new ones. Successful project delivery includes meeting targets for health and safety performance, budget, schedule, quality of work and client satisfaction.

Backlog

Procuring quality new work is a function of the economy and markets we operate within. While we are always seeking ways to identify and procure new clients, a significant proportion of our projects are awarded to us from repeat clients. Competition from Canadian and foreign entities, along with consultant and client procurement strategies can sometimes impede our ability to replace backlog.

Liquidity

Maintaining a strong financial position is important to demonstrate to shareholders, creditors and clients that the company is sufficiently capitalized to deliver on its commitments. It also allows the company to support existing operations and plan for its future growth.

Geographic and Service Expansion

Expansion of geographic coverage, product and service will be important to our success. Accessing new markets and offering new product and services provides opportunities for organic growth. In recent years Churchill has expanded into Saskatchewan, Manitoba and Northern Ontario markets through acquisition and organic means.

Selected Interim Financial Information

($millions, except per share amounts)	Three months ended March 31 2013	2012[1]
Contract revenue	$ 236.8	$ 333.2
Contract income	22.0	35.7
EBITDA from continuing operations[2]	6.8	13.7
Net (loss) earnings from continuing operations	(1.2)	3.0
Net (loss) earnings from discontinued operations	-	0.1
Net (loss) earnings	(1.2)	3.1
Net (loss) earnings per common share from continuing operations		
- Basic	$ (0.05)	$ 0.13
- Diluted	(0.05)	0.13
Net (loss) earnings per common share		
- Basic	(0.05)	0.13
- Diluted	(0.05)	0.13
Funds from operations[2]	$ 7.1	$ 15.6
Funds from operations per common shares - Basic[2]	$ 0.29	$ 0.64
	March 31, 2013	**December 31, 2012**
Backlog[2]	$ 1,713.9	$ 1,690.5
Working capital[2]	89.8	79.2
Long-term debt (excluding current portion)	63.1	51.9
Convertible debentures (excluding equity portion)	79.8	79.2
Total assets	709.0	742.4

Note: (1) *Refer to Note 8 to the notes to the consolidated financial statements for retrospecitve adoption of IAS 19.*
(2) *"EBITDA" is earnings from continuing operations before interest, taxes, depreciation and amortization; "Funds from Operations" is net cash generated by (used in) operating activities before interest, taxes and changes in employee benefits, provisions and non-cash working capital. Working capital is current assets less current liabilities (all non-IFRS measures). Backlog is also a non-IFRS measure. Refer to "Terminology" for definitions of non-IFRS measures.*

The Corporation generates the majority of its revenues from the four Western Canadian provinces of Manitoba, Saskatchewan, Alberta and British Columbia. In 2011, with the establishment of Laird Constructors headquartered in Sudbury, Ontario, the Corporation took steps to grow its business east of Manitoba.

For the three months ended March 31, 2013, consolidated contract revenue was $236.8 million, compared to $333.2 million in 2012, a 29% decrease. The General Contracting segment's revenue decreased by $77.3 million or 40%, the Commercial Systems segment's revenue increased by $1.0 million or 2%, and the Industrial Services segment revenue decreased by $25.3 million or 24%. Intersegment revenue during 2013 was $7.3 million, a decrease of $5.2 million compared to 2012, primarily resulting from less intercompany activity between the commercial systems and general contracting segments.

Contract income decreased from $35.7 million (10.7% of revenue) in the first quarter of 2012 to $22.0 million (9.3% of revenue) in the first quarter of 2013. The $13.7 million year-over-year decrease in contract income is made up of decreases in the General Contracting, Commercial Systems and Industrial Services segments of $6.9 million (53%), $3.2 million (31%) and $1.9

million (18%), respectively, which is modestly offset by a decrease in the intersegment elimination of $1.6 million.

Administrative expenses for the first quarter of 2013 amounted to $17.9 million (7.5% of revenue) compared to $26.6 million (8.0% of revenue) in the first quarter of 2012. Administrative expenses decreased by $2.4 million (25%) in the General Contracting segment, $2.7 million (44%) in the Commercial Systems segment, and $1.1 million (21%) in the Industrial Services segment. Administrative expenses decreased by $2.4 million (44%) in the Corporate and Other segment.

The net impact of the aforementioned decrease in revenue and contract income in conjunction with a decrease in administrative expenses was a $6.9 million decrease in first quarter 2013 EBITDA to $6.8 million as compared to $13.7 million in 2012.

For explanations of these changes, please refer to the discussion of segmented results which follows.

Intangible assets relate to the design and implementation of the Corporation’s enterprise resource planning (“ERP”) system, and assets acquired in conjunction with the purchase of other businesses, for which Churchill used the fair value method. The assets acquired relate to the acquisition of Dominion, Canem and Broda in 2010 and McCaine Electric Ltd. in 2011. These assets resulted in an amortization charge of $2.0 million in the first quarter of 2013. The comparable charge in the first quarter of 2012 was $3.6 million. The backlog and agency intangibles are amortized based on management’s expectation of when the related revenues will be earned. The net book value of intangible assets as at March 31, 2013 was $57.0 million (December 31, 2012 - $58.7 million). Refer to *Note 13* to the Condensed Consolidated Interim Financial Statements for additional detail.

Earnings before tax for the first quarter of 2013 was a loss $1.4 million compared to earnings of $4.1 million in the first quarter of 2012 (decrease of $5.5 million), primarily as a result of the $6.9 million decrease in first quarter 2013 EBITDA partly offset by a $1.3 million reduction in depreciation and amortization expense.

The Corporation’s consolidated net loss from continuing operations for the first quarter of 2013 was $1.2 million compared to net earnings from continuing operations of $3.0 million in the same period of 2012, a $4.2 million decrease, reflecting the $5.5 million decrease in EBT partly offset by a decrease in income tax expense of $(1.3) million.

Churchill’s net loss for the first quarter of 2013 was $1.2 million compared to net earnings of $3.1 million, including net earnings from discontinued operations of $0.1 million in 2012.

In the three months ended March 31, 2013, funds from operations of $7.1 million decreased 54% from $15.6 million in the first quarter of 2012. Funds from operations are discussed in the Capital Resources and Liquidity - Summary of Cash Flows section that follows.

Churchill’s backlog, including work-in-hand, at March 31, 2013 was $1,713.9 million, compared to $1,690.5 million at December 31, 2012, a $23.4 million or 1% increase. The Corporation’s backlog consists of work-in-hand of $950.1 million (December 31, 2012 – $964.5 million) and active backlog of $763.8 million (December 31, 2012 – $726.0 million). The backlog consists of approximately 48% CM, 35% cost-plus arrangements (combined total of 83% CM and cost-plus) and 17% tendered (hard-bid) work. Tendered projects tend to carry the largest amount of price and schedule risk because the competitive tender process forces contractors to be the lowest bidder. CM projects tend to carry less schedule and price risk than tendered projects because the price and schedule setting process is collaborative, rather than competitive. Only under cost-plus contracts does the contractor not carry price and schedule risk. On a segmented basis, backlog at March 31, 2013 was $1,131.4 million in General Contracting (December 31, 2012 – $1,115.8 million), $181.8 million in Commercial Systems (December 31, 2012 – $194.3 million) and $400.7 million in the Industrial Services segment (December 31, 2012 – $380.4 million). New contract awards and net increases in contract value of $229.7 million were added to work-in-hand in the first quarter of 2013 (December 31, 2012 – $246.8 million).

Results of Operations

($millions, except margin percent)	Three months ended March 31, 2013					
	Total	**General Contracting**	**Commercial Systems**	**Industrial Services**	**Corporate and Other**	**Intersegment**
Contract revenue	$ 236.8	$ 116.9	$ 47.6	$ 79.6	$ -	$ (7.3)
Contract income	22.0	6.0	7.3	8.7	-	0.0
Contract income margin	9.3%	5.2%	15.2%	10.9%	-	-
Administrative costs	17.9	7.2	3.4	4.3	3.0	-
EBITDA[2]	6.8	(0.5)	4.0	6.2	(2.9)	0.0
EBITDA margin	2.9%	-0.5%	8.5%	7.8%	-	-
EBT[2]	(1.4)	(1.6)	3.6	4.1	(7.5)	(0.0)
Backlog[2]	$ 1,713.9	$ 1,131.4	$ 181.8	$ 400.7	$ -	$ -
	Three months ended March 31, 2012[1]					
	Total	**General Contracting**	**Commercial Systems**	**Industrial Services**	**Corporate and Other**	**Intersegment Eliminations**
Contract revenue	$ 333.2	$ 194.2	$ 46.6	$ 104.9	$ -	$ (12.5)
Contract income	35.7	13.0	10.5	10.6	-	1.6
Contract income margin	10.7%	6.7%	22.5%	10.1%	-	-
Administrative costs	26.6	9.6	6.1	5.4	5.4	-
EBITDA[2]	13.7	5.3	4.9	7.3	(5.4)	1.6
EBITDA margin	4.1%	2.7%	10.6%	6.9%	-	-
EBT[2]	4.1	4.4	4.3	5.4	(11.6)	1.5
Backlog[2][3]	$ 1,690.5	$ 1,115.8	$ 194.3	$ 380.4	$ -	$ -

Notes: *(1) Refer to Note 8 to the notes to the consolidated financial statements for retrospecitve adoption of IAS 19.*
(2) "EBT" is earnings (loss) from continuing operations before income tax. EBT, EBITDA and backlog are nc
Refer to "Terminology" for definitions of non-IFRS measures.
(3) As of December 31, 2012.

General Contracting

For the three months ended March 31, 2013, Stuart Olson Dominion's revenue was $116.9 million, compared to $194.2 million in the first three months of 2012. This $77.3 million or 40%

decrease is primarily attributable to being in the pre-construction phase and early construction stages on several new projects and delays in executing backlog.

Stuart Olson Dominion's contract income in the first quarter of 2013 decreased by 54%, to $6.0 million, from $13.0 million for the three months ended March 31, 2012. The 2013 first quarter contract income margin was 5.2% compared to 6.7% in the first quarter of 2012. The decline in contract income generally resulted from the lower volume of project work executed and the lower contract income margin realized on volume executed.

Stuart Olson Dominion's administrative expense was $7.2 million (6.2% of revenue) in the three months ended March 31, 2013 compared to $9.6 million (4.9% of revenue) in the first quarter of 2012. The $2.4 million (25%) decrease is primarily related to lower staffing levels and related compensation expense.

EBITDA for Stuart Olson Dominion in the first three months of 2013 was $(0.5) million compared to $5.3 million in the first quarter of 2012. This $5.8 million, or 110% decrease was mainly due to the aforementioned decrease in revenues and contract income, partly offset by the $2.4 million decrease in administrative expense.

Stuart Olson Dominion had backlog of $1,131.4 million as at March 31, 2013, compared to backlog of $1,115.8 million at December 31, 2012, a $15.6 million or 1% increase. As at March 31, 2013 approximately 64% of Stuart Olson Dominion's backlog was composed of CM assignments, 31% was cost-plus projects (combined total of 95% CM and cost-plus) and 5% were tendered projects. The March 31, 2013 backlog consisted of $537.1 million of work-in-hand and $594.3 million of active backlog, compared to $575.6 million of work-in hand and $540.2 million of active backlog as at December 31, 2012. In respect of work-in-hand, the segment contracted $78.5 million of new awards and scope increases during the quarter and executed $116.9 million of contract revenue.

Commercial Systems

The Commercial Systems segment's first quarter 2013 revenue was $47.6 million, compared to $46.6 million in the three months ended March 31, 2012. This $1.0 million or 2% increase was primarily attributable to increased revenue from the Manitoba and British Columbia regions, partly offset by lower revenue from Alberta operations.

Canem's contract income in the first quarter of 2013 decreased by $3.2 million (31%) to $7.3 million, from $10.5 million during the first quarter of 2012. This resulted in a contract income margin of 15.2% for the first quarter of 2013 compared to 22.5% in the first three months of 2012. The reduced margin is attributable to the execution of lower margin projects in 2013, field installation delays resulting in margin reforecast and competitive market conditions.

Canem's administrative expense was $3.4 million (7.1% of revenue) in the first quarter of 2013 compared to $6.1 million (13.0% of revenue) in the three months ended March 31, 2012.

EBITDA for Canem in the first quarter of 2013 was $4.0 million (8.5% EBITDA margin) compared to $4.9 million (10.6% EBITDA margin) for the first three months of 2012. This $0.9

million (18%) decrease was due to the aforementioned decrease in contract income, partly offset by the reduction in administrative expenses.

Canem had total backlog of $181.8 million as at March 31, 2013, compared to total backlog of $194.3 million at December 31, 2012 (a $12.5 million or 6% decrease). As at March 31, 2013 approximately 33% of Canem's backlog was composed of CM and cost-plus projects and 67% tendered projects. Canem as a subcontractor, has project scopes that are well defined and specific and is not subject to the total project risk of a general contractor, and therefore is able to bear a larger proportion of tendered projects. The March 31, 2013 backlog consisted of $129.5 million of work-in-hand and $52.3 million of active backlog compared to $127.1 million of work-in-hand and $67.2 million of active backlog at December 31, 2012. In respect of work-in-hand, the segment contracted $50.1 million of new awards and increases in contract value during the quarter and executed $47.6 million of construction activity.

Industrial Services

For the Industrial Services segment, first quarter 2013 revenue decreased by $25.3 million (24%) to $79.6 million from $104.9 million record quarterly revenue for the first three months of 2012. The revenue decrease in 2013 was due to the conclusion of construction activities associated with a mining project in Ontario during calendar 2012.

Industrial Services' contract income in the three months ended March 31, 2013 decreased by 18%, to $8.7 million from $10.6 million for the first quarter of 2012. Contract income margins were higher at 10.9% in the three months ended March 31, 2013 as compared to 10.1% in the first quarter of 2012, primarily as a result of the higher margin income generated at Broda compared to results in 2012.

The Industrial Services segment's administrative expenses were $4.3 million (5.4% of revenue) in the first quarter of 2013 compared to $5.4 million (5.1% of revenue) in the first quarter of 2012. The decrease is largely related to lower business activity within CSG.

EBITDA for the Industrial Services segment decreased by $1.1 million, or 15%, to $6.2 million (7.8% EBITDA margin) for the three months ended March 31, 2013 from $7.3 million (6.9% EBITDA margin) in the first quarter of 2012. The decrease in EBITDA resulted primarily from lower contract revenue during the first quarter of 2013 compared to first quarter 2012.

Industrial Services had backlog of $400.7 million as at March 31, 2013, compared to backlog of $380.4 million at December 31, 2012, a $20.3 million or 5% increase. As at March 31, 2013 approximately 64% of the Industrial Services backlog consisted of cost plus projects and 36% tendered projects. The March 31, 2013 backlog consisted of $283.4 million of work-in-hand and $117.2 million of active backlog, compared to $261.8 million of work-in-hand and $118.6 million of active backlog at December 31, 2012. In respect of work-in-hand, the Industrial Services segment contracted $101.2 million of new awards and scope increases during the quarter and executed $79.6 million of construction activity.

Corporate and Other

The Corporate and Other segment's administrative expenses, excluding depreciation and amortization, were $3.0 million in the first quarter of 2013 compared to $5.4 million in the first three months of 2012, a $2.4 million (44%) decrease. The decrease is primarily related to the timing of payments related to incentive compensation and a greater recovery related to stock-based compensation expense during 2013.

Corporate and Other's finance costs were $2.7 million in the first quarter of 2013 compared to $2.9 million in the three months ended March 31, 2012, a $0.2 million (7%) decrease. The decrease in finance costs related to lower average balance of outstanding long-term debt during the period. Finance costs are expected to increase during 2013 in conjunction with expected higher debt to trailing 12 month EBITDA metrics, resulting in a higher interest rate on the long-term debt balance.

The Corporate and Other segment's depreciation and amortization expense was $1.9 million in the three months ended March 31, 2013 compared to $3.3 million in the first quarter of 2012, a $1.4 million (42%) decrease. These amounts are a result of the amortization of the outstanding unamortized balances associated with intangible assets acquired with the acquisition of Dominion, Canem and Broda and amortization of the Corporation's SAP-based ERP system. Amortization of backlog and agency intangible assets is dependent on management's expectations of when the related revenue will be earned. This can result in variable amortization charges depending on the period.

In the first quarter of 2013, the Corporate and Other segment incurred a loss before tax of $7.5 million compared to a loss before tax of $11.6 million in the first three months of 2012 primarily as a result of the decrease in administrative expenses.

Capital Resources and Liquidity

Cash and Debt Balances

Cash and cash equivalents at March 31, 2013 were $49.4 million, compared to $33.8 million at December 31, 2012, a $15.6 million increase resulting from an increase on the Corporation's long-term debt facility and working capital management efforts.

Long-term indebtedness at March 31, 2013, excluding the $0.8 million current portion of long-term debt, amounted to $142.9 million compared to $131.1 million at December 31, 2012, a net increase of $11.8 million. This amount consisted of $79.8 million (December 31, 2012 - $79.2 million) of the debt portion of convertible debentures and $63.1 million (December 31, 2012 - $51.9 million) drawn on Churchill's $200 million, four-year senior revolving credit facility.

The Revolver was originally secured on July 12, 2010, with a syndicate of chartered banks (the "Syndicate"), and terms and conditions have subsequently been renegotiated effective the annual anniversary dates in 2011, 2012 and December 21, 2012. The July 2012 amendment to the agreement included a reduction in pricing, an extension of the facility (new maturity date of July 12, 2016), an increase in the swingline loan from $10.0 million to $15.0 million and additional flexibility on consents regarding dividends and acquisitions. The December 2012 amending agreement to the Revolver modifies the financial covenants, including maintaining each of: (a) a working capital ratio of not less than 1.1:1; (b) an interest coverage ratio of at least 3:1 by Oct 31, 2013; (c) a total debt to EBITDA ratio of not more than 3:1; and (d) a senior debt to EBITDA ratio of not more than 2.5:1 by January 1, 2014. For the purposes of the Revolver, EBITDA is defined as earnings or loss before interest, income taxes, depreciation and amortization, non-cash gains and losses from financial instruments, stock based compensation, non-recurring gains and losses and any other non-cash items deducted in the calculation of net earnings. The Syndicate remains the same and the Revolver continues to include a $75 million accordion feature. As at March 31, 2013, the Corporation was in full compliance with its covenants and had additional borrowing capacity of $27.3 million available to it under the Revolver. For additional information refer to *Note 21* of the Condensed Consolidated Interim Financial Statements.

The amount of the Revolver will fluctuate from quarter to quarter as it is drawn to finance working capital requirements, capital expenditures and acquisitions, and as it is paid with funds from operations. For instance, in October 2012 the Corporation provided three separate letters of credit totalling $6.5 million and in January 2013 provided an additional letter of credit of $1 million as partial security for a lien bond of approximately $15.5 million issued by the Corporation's surety providers. The lien bond relates to the removal of a lien that was filed by the structural steel subcontractor on Stuart Olson Dominion's Investors Group Field stadium project in Winnipeg, Manitoba. The face value of these financial letters of credit reduces the Corporation's borrowing capacity under the Revolver by an equal amount. For additional information refer to *Note 23* to the Condensed Consolidated Interim Financial Statements.

On June 15, 2010, the Corporation closed a convertible debentures financing in the principal amount of $86.3 million, including the exercise by the underwriters of the over-allotment option. Upon closing, the debentures became an obligation of the Corporation. For accounting purposes, the equity conversion rights of the convertible debentures were assigned a value of $9.5 million (net of $0.5 million of transaction costs) which was included in shareholders' equity, and $73.3 million was assigned to the long-term debt component (net of $2.9 million of transaction costs). For additional information refer to *Note 16* of the Condensed Consolidated Interim Financial Statements.

Summary of Cash Flows

($millions, except shares and per share amounts)	Three months ended March 31 2013		2012	
Net cash generated by (used in) operating activities	$	10.9	$	(28.9)
Add:				
Income taxes paid (received)		-		(0.5)
Interest paid (received)		0.5		0.6
Cash generated from (used in) operations	$	11.4	$	(28.8)
Change in share-based payment liability		0.5		3.0
Change in provisions		(1.1)		1.4
Change in non-cash working capital balances relating to operations		(3.7)		40.0
Funds from operations	$	7.1	$	15.6
Weighted average common shares - basic (millions)		24.5		24.3
Funds from operations per common share - basic	$	0.29	$	0.64

The net cash generated by operating activities during the first quarter of 2013 was $10.9 million (first quarter 2012 - $(28.9) million). Interest payments of $0.5 million (first quarter 2012 – $0.6 million) and taxes received of $nil (first quarter 2012 – $0.5 million) resulted in cash generated from (used in) operations in the first quarter of 2013 of $11.4 million (first quarter 2012 - $(28.8) million). After accounting for the change in share-based payment liability of $0.5 million (first quarter 2012 - $3.0 million), a change in provisions of $(1.1) million (first quarter 2012 - $1.4 million), and a change in non-cash operating working capital of $(3.7) million (first quarter 2012 - $40.0 million), funds from operations for the first quarter of 2013 were $7.1 million (first quarter 2012 - $15.6 million).

Investing activities resulted in a net use of cash of $3.1 million during the first quarter of 2013, which compares with net cash used of $3.4 million in the first quarter of 2012. The net change year-over-year was $0.3 million; however the first quarter of 2012 results were supported by $2.7 million of proceeds on asset divestitures.

During the first quarter of 2013, net cash used in financing activities totalled $7.8 million compared to $1.4 million in net cash used in financing activities during the first quarter of 2012. The major financing activities during the first quarter of 2013 were the $11.0 million net proceeds from long term debt and the payment of $2.9 million in dividends compared to $2.2 million in cash dividend payments during the first quarter of 2012.

Working Capital

As at: ($millions)	March 31, 2013		December 31, 2012	
Current assets	$	372.7	$	407.5
Current liabilities		282.9		328.3
Working capital	$	89.8	$	79.2

As at March 31, 2013, Churchill had working capital of $89.8 million, compared to $79.2 million at December 31, 2012. Working capital increased primarily due to the draw on the Revolver which increased cash.

Capital Management

The Corporation's objectives in managing its capital are to ensure that there is sufficient liquidity to pursue its growth objectives and maintain the payment of its dividend, while maintaining a prudent amount of financial leverage.

The Corporation's capital is composed of equity and long-term indebtedness. The Corporation's primary uses of capital are to finance its growth strategies and capital expenditure programs.

In the first quarter of 2013, the Corporation's capital expenditures totalled $3.4 million compared to $6.1 million in the three months ended March 31, 2012. Capital expenditures during the first quarter of 2013 consisted of $0.9 million for construction and automotive equipment, $0.5 million for computer hardware and software, $1.5 million for tenant improvements and $0.5 million for furniture and equipment. Capital expenditures are associated with the Corporation's need to maintain and support its existing operations. Management now projects a 2013 capital spending program totalling $17.8 million for the full year, revised downwards from its previous forecast of $19.5 million.

Management believes that the Corporation has the capital resources and liquidity necessary to meet its commitments, support its operations, finance capital expenditures, support growth strategies and fund declared dividends, because the Corporation has adequate cash and cash equivalents, ability to generate cash from operations, and an undrawn portion of its Revolver.

Shareholders' equity was $232.8 million at March 31, 2013 compared to $235.1 million at December 31, 2012. This resulted from a net loss of $1.2 million during the first quarter of 2013, a $1.1 million defined benefit plan actuarial gain, dividend payment of $2.9 million and share based payment transactions of $0.3 million.

Refer to *Note 21* to the Condensed Consolidated Interim Financial Statements for additional information regarding the Corporation's management of its capital.

Contractual Obligations

Scheduled debt principal repayments within one year at March 31, 2013 were $0.8 million, compared to $0.8 million at December 31, 2012. Finance contracts and finance lease obligations are secured by construction and automotive equipment and are more fully described in *Note 15* to the Condensed Consolidated Interim Financial Statements.

The following are the contractual obligations, including interest payments as at March 31, 2013, in respect of the financial obligations of the Corporation. Interest payments on the Revolver have not been included in the table below since they are subject to variability based upon outstanding balances at various points throughout the period. Further information is included in *Note 20(b)(iii)* to the Condensed Consolidated Interim Financial Statements.

	Carrying amount		Contractual cash flows		0 - 6 months		6 - 12 months		12 - 24 months		After 24 months
Trade and other payables	**$**	**198,503**	$	198,503	$	198,503	$	-	$	-	$ -
Provisions including current portion		**11,980**		11,980		2,447		2,447		3,659	3,427
Convertible debentures		**79,792**		97,894		2,588		2,588		5,175	87,543
Long-term debt including current portion		**63,896**		63,896		375		375		98	63,048
Lease commitments		**68,489**		68,489		3,951		3,951		6,492	54,095
	$	**422,660**	$	440,762	$	207,864	$	9,361	$	15,424	$ 208,113

The Corporation remains a partner in four joint ventures, one of which is a public-private partnership ("P3") project that was officially opened to the public on July 12, 2012. Refer to *Note 5* to the Condensed Consolidated Interim Financial Statements for additional details.

Share Data

The Corporation encourages its employees to invest in its shares by offering an Employee Share Purchase Plan ("ESPP") available to all full-time employees. At March 31, 2013, the ESPP held 1,406,046 common shares for employees (March 31, 2012 – 1,007,692 common shares). Under the ESPP, common shares are acquired in the open market.

On January 15, 2013 and April 16, 2013, the Corporation issued 54,073 and 56,659 common shares, respectively, pursuant to its DRIP.

As at May 7, 2013, the Corporation had 24,604,194 common shares issued and outstanding and 1,991,510 options convertible into common shares upon exercise (December 31, 2012 – 24,493,462 common shares and 1,379,981 options). Refer to *Notes 17, 18 and 24* to the Condensed Consolidated Interim Financial Statements for further detail.

As well, the Corporation has 6% convertible debentures outstanding in the principal amount of $86.3 million, convertible into 3,791,205 common shares. Refer to *Note 16* to the Condensed Consolidated Interim Financial Statements for further detail.

Diluted earnings per share is calculated on the basis of the weighted average number of common shares outstanding, plus the number of additional common shares that would have been outstanding if the dilutive potential common shares associated with the outstanding stock options and the convertible debentures had been issued. The calculation of the diluted weighted average number of shares outstanding for the quarter ending March 31, 2013 of 24,539,124 (March 31, 2012 – 24,520,029) is set out in *Note 9* to the Condensed Consolidated Interim Financial Statements.

- At March 31, 2013, 1,413,147 options (March 31, 2012 – 797,511 options) were excluded from the diluted weighted average number of common share calculations as their effect would have been anti-dilutive. The average market value of the Corporation's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

- At March 31, 2013, no incremental shares related to the convertible debentures are included in the diluted share calculation (March 31, 2012 – nil). In determining the diluted earnings per share, the Corporation determined the impact of normalizing earnings by adding back related interest, accretion and amortization costs of the convertible debentures to net earnings from continuing operations. This outweighed the effect of the related incremental shares, making the calculation anti-dilutive. The incremental shares included in the dilutive weighted average number of shares was determined using the Corporation's share price at March 31, 2013 of $7.52 (March 31, 2012 - $15.29).

Share-based Payments

Stock-based compensation is an expense driven in part by the number, fair value and vesting rights of options, deferred share units ("DSUs") and performance share units ("PSUs") granted. The stock-based compensation expense was $0.3 million during the first quarter of 2013 compared to $3.3 million for the three months ended March 31, 2012.

In the fourth quarter of 2012, the Corporation decided to remove employees as eligible participants in its DSU plan, effective January 1, 2013. DSUs previously acquired prior to January 1, 2013 would continue to be held in a notional account for employees and accrue dividends as per the DSU plan administrative guidelines but employees would no longer be eligible to defer salary or bonus into DSUs in the future. The comparative data for 2012 which follows includes DSUs granted to directors and employees. During the first quarter of 2013, the Corporation granted 24,667 DSUs, (first quarter 2012 - 12,052 DSUs) to directors as part of their remuneration. In addition, during the first three months of 2013, directors voluntarily elected to purchase or accept in lieu of cash 2,166 DSUs (first quarter 2012 - 1,380 DSUs) by deferring compensation related to retainers, meeting fees, base salary and/or cash bonus, as applicable. These DSU grants, elections and dividends totalling 32,894 DSUs (March 31, 2012 – 18,253 DSUs) resulted in $(0.03) million of stock-based compensation expense (income) for the first quarter of 2013, (first quarter 2012 - $0.9 million). During the three months ended March 31, 2013, the Corporation cancelled 14,407 DSUs, due to forfeiture (first quarter 2012 – nil).The amounts recorded are based on the sum of the changes in fair value and grants of DSUs. The Corporation carries the obligation as a payable on its statement of financial position as the DSUs are structured under the current plan to be paid in cash, upon the employee or director ceasing service with the Corporation.

During the first quarter of 2013, the Corporation recorded compensation expenses for PSUs granted to employees of $0.1 million compared to $1.6 million in three months ended March 31, 2012. The amounts recorded are based on the sum of changes in fair value and grants of PSUs. During the three months ended March 31, 2013, the Corporation cancelled nil PSUs, due to forfeiture (first quarter 2012 – 2,967). As at March 31, 2013, the Corporation had outstanding 236,551 PSUs compared to 356,172 PSUs at March 31, 2012. The PSUs are structured under the current plan to be settled in cash at the time of vesting, if certain performance objectives for shareholder value creation relative to a comparator group of companies are met. The vesting of 175,126 PSUs granted in 2009 was in February 2012 and the payout in April 2012 amounted to

$3.0 million. The vesting of 42,896 PSUs granted in March 2010 occurred in March 2013 and the payout amounted to $0.1 million.

Refer to *Note 17* to the Condensed Consolidated Interim Financial Statements for further detail.

Supplemental Disclosures

Off-Balance Sheet Arrangements

The Corporation had no off-balance sheet arrangements in place at March 31, 2013.

Related Party Transactions

During the first quarter of 2013, the Corporation incurred facility costs of $0.1 million (first quarter 2012 – $0.04 million) for the rental of a building that is 50% owned by Schneider Investments Inc., a company owned by George Schneider, a director of the Corporation. The rented building is the operations base for Churchill Services Group in Fort McMurray. The rental charge is comparable to the market rate of similar properties. At March 31, 2013, there was $nil of this amount included in accounts payable (March 31, 2012 – $nil).

During the first quarter of 2013, the Corporation incurred facility costs of $0.1 million (first quarter 2012 – $0.1 million) relating to the rental of a building owned by Broda Holdings (2009) Inc., a company owned by the president of Broda. The rented building is the head office, maintenance facility and operations base for Broda in Prince Albert, Saskatchewan. The rental charge is comparable to the market rate of similar properties. At March 31, 2013, there was $0.03 million included in accounts payable (March 31, 2012 – $0.03 million).

Outlook

The outlook for Churchill's three operating business segments is described below:

- Margins for Stuart Olson Dominion are expected to gradually improve in 2013 as recently awarded projects transition from design, to the tendering and construction phase. Additional detail is included in the General Contracting section below.
- Canem continues to expect modest revenue growth during 2013 and EBITDA margins to be flat year-over-year; as a result of more competitive go-in fees and the timing of project phases in 2013. Additional detail is included in the Commercial Systems section below.
- Within the Industrial Services segment, CSG & Broda expect to continue delivering strong revenues at comparable to higher EBITDA margins to their consolidated full year 2012 results. Additional detail is included in the Industrial Services section below.

General Contracting

The institutional spending outlook in Western Canada, while reasonably healthy is undergoing a period of retrenchment as governments in Alberta and British Columbia have recently announced their capital spending intentions for the next three year cycle. The non-residential private sector spending outlook remains reasonably strong as new commercial projects continue to be advanced in Alberta and industrial projects continue front-end engineering.

Stuart Olson Dominion's $1.1 billion backlog remains institutionally levered, and the market continues to present some exciting business development opportunities. Construction margins are expected to marginally improve during the second quarter of 2013, but begin to grow more strongly in the second half of 2013 as pending and secured higher-margin projects begin construction.

Stuart Olson Dominion expects to execute approximately $420.2 million of its March 31, 2013 backlog during the remainder of 2013. New project awards are expected to supplement the amount of work executed by Stuart Olson Dominion during the remainder of 2013.

Commercial Systems

The outlook for Canem has become more challenging in recent quarters as project delays at the owner and general contractor levels, and competitive pressures are expected to continue affecting margins in the near-to-medium term. Canem expects modest revenue growth in 2013; however EBITDA margins will likely be flat year-over-year as a result of more competitive go-in fees and the timing of project phases. Canem is working to offset this margin pressure by improving operational efficiencies and by differentiating itself from the competition with building systems integration solutions to support its core operations.

Canem expects to execute $122.9 million of its March 31, 2013 backlog during the remainder of 2013. New awards, short-duration projects, building maintenance and tenant improvement work are expected to make up the balance of Canem's 2013 revenue.

Industrial Services

Going forward, CSG and Broda are expecting to maintain strong revenues and earnings in 2013 as industrial construction and maintenance projects continue, particularly in Alberta's oil sands and Saskatchewan's mining district. Competitive pressures and a higher proportion of low-risk, cost-plus maintenance work in 2013 are expected to modestly decrease CSG margins; however Broda's renewed focus on Saskatchewan mining and infrastructure projects in 2013, may result in stronger operational results particularly if weather related project challenges do not occur during its peak operating seasons.

CSG and Broda expect to execute $289.3 million of their contracted backlog during the remainder of 2013. New contract awards, additional short-duration projects, scope changes and industrial maintenance work are expected to supplement the segment's 2013 revenue.

Quarterly Financial Information

The following table sets out selected quarterly financial information of the Corporation for the most recent eight quarters:

($millions, except per share data and percentages)	2013 Quarter ended:	2012(1) Quarter ended:				2011 Quarter ended:		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Contract revenue	$ 236.8	$ 289.9	$ 303.2	$ 295.8	$ 333.2	$ 384.3	$ 379.3	$ 340.9
Contract income	22.0	32.6	27.7	25.9	35.7	45.1	40.5	35.7
Contract income margin(2)	9.3%	11.3%	9.1%	8.7%	10.7%	11.7%	10.7%	10.5%
Continuing operations:								
EBITDA(2)	$ 6.8	$ 9.0	$ 12.1	$ 4.6	$ 13.9	$ 19.6	$ 18.3	$ 17.0
EBT(2)	(1.4)	(65.2)	2.3	(5.6)	4.1	9.3	8.2	7.0
Net (loss) earnings	(1.2)	(62.7)	1.7	(4.3)	3.0	7.3	6.2	4.8
EPS - basic	(0.05)	(2.56)	0.07	(0.17)	0.13	0.30	0.26	0.20
EPS - diluted	(0.05)	(2.56)	0.07	(0.17)	0.13	0.27	0.24	0.19
Net (loss) earnings	$ (1.2)	$ (62.7)	$ 1.7	$ (4.3)	$ 3.0	$ 7.3	$ 6.1	$ 5.8
EPS - basic	(0.05)	(2.56)	0.07	(0.17)	0.13	0.30	0.26	0.24
EPS - diluted	(0.05)	(2.56)	0.07	(0.17)	0.13	0.27	0.24	0.22
Funds from operations(2)	$ 7.1	$ 9.7	$ 12.1	$ 4.6	$ 15.6	$ 19.6	$ 18.3	$ 15.3
Funds from operations per share(2) - basic	0.29	0.40	0.50	0.19	0.64	0.81	0.75	0.63
Backlog(2)	$ 1,713.9	$ 1,690.5	$ 1,731.0	$ 1,570.4	$ 1,751.5	$ 1,842.6	$ 1,840.1	$ 1,705.6
Working capital(2)	89.8	79.2	99.9	95.7	102.6	86.0	99.6	115.5
Shareholders' equity	232.8	235.1	299.5	301.4	308.5	309.1	302.5	301.3
Book value ($ per basic share)(2)	9.48	9.60	12.25	12.36	12.68	12.72	12.45	12.45

Note: *(1) Refer to Note 8 to the notes to the consolidated financial statements for retrospecitve adoption of IAS 19.*
(2) Contract income margin, EBITDA, EBT, working capital, book value and backlog are non-IFRS measures. Refer to "Terminology" for definitions of non-IFRS measures.

Revenue improved in the second quarter of 2011, compared to the first quarter of 2011, largely due to the seasonal nature of the Industrial Services segment, but margin pressure across all segments continued, particularly in Stuart Olson Dominion, largely driven by underperforming fixed price projects. As well, an unusually wet spring season, administrative project delays and fires in Northern Alberta negatively impacted second quarter revenue.

Revenue improved in the third quarter and fourth quarter of 2011, compared to the second quarter of 2011, partly due to improved weather conditions and increased activity in the Commercial Systems and Industrial Services segment. In both quarters, the negative impact on EBITDA of underperforming fixed price projects at Stuart Olson Dominion was partly offset by growth delivered by the Commercial Systems and Industrial Services segments.

Revenue and net earnings declined in the first quarter of 2012, compared to the fourth quarter of 2011, due partly to the seasonal nature of construction operations in Western Canada. Consolidated revenue declined primarily due to reduced activity levels within the General Contracting segment. Lower EBITDA from the Industrial Services segment due to the seasonal nature of their operations was a drag on earnings.

Revenue and net earnings in the second quarter of 2012 decreased compared to the first quarter of 2012 as wet weather impacted Broda's productivity on its Calgary Airport project and Stuart Olson Dominion recorded a significant margin reversal on a large Manitoba-based project.

Revenue in the third quarter of 2012 decreased compared to the second quarter of 2012 as the General Contracting segment was in the early stages of construction on several new projects, experienced construction delays and had backlog pushed into 2013 on a number of projects. Additionally, lower contract income margins in the General Contracting and Commercial Systems segments contributed to lower EBITDA and net earnings.

Revenue in the fourth quarter of 2012 decreased compared to the third quarter of 2012 as the General Contracting segment was in the early stages of construction on several new projects, experienced construction delays and had backlog pushed into 2013 on a number of projects. The lower contract revenue in the General Contracting segment in combination with lower contract income margins from the Commercial Systems segment were the material contributors to lower EBITDA and net earnings.

The reader is referred to the Corporation's 2012 and 2011 Annual and Interim Reports for a more detailed discussion and analysis of the results of the quarters preceding March 31, 2013.

Critical Accounting Estimates

The key assumptions and basis for the estimates that management has made under IFRS and their impact on the amounts reported in the Condensed Consolidated Interim Financial Statements and notes thereto, are contained in *Note 3* to the 2012 Audited Consolidated Annual Financial Statements.

Churchill's financial statements include estimates and assumptions made by management in respect of operating results, financial condition, contingencies, commitments, and related disclosures. Actual results may vary from these estimates. The following are, in the opinion of management, the more significant estimates that have an impact on Churchill's financial condition and results of operations:

- Revenue recognition and contract cost estimates;
- Goodwill, property and equipment and intangibles impairment assessment;
- Estimates related to the useful lives and residual value of property and equipment;
- Income tax provisions;
- Provisions for warranty work and legal contingencies;
- Assumptions used in share-based payment arrangements;

- Accounts receivable collectability; and
- Valuation of defined benefit pension plans.

Revenue Recognition and Contract Cost Estimates

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract at the end of the reporting period. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction. The stage of completion may also be assessed by reference to survey of work performed. Where there is uncertainty that the economic benefits associated with the contract will flow to the entity or where the contract costs cannot be identified and measured, revenue is recognized only to the extent of contract costs incurred where it is probable those costs will be recoverable.

During the very early stages of significant multi-year contracts, the outcome of the contract cannot be estimated reliably. In those circumstances contract revenue is recognized only to the extent contract costs are incurred and expected to be recoverable until such time that the outcome of the contract can be reliably estimated.

Contract costs include costs that relate directly to a specific contract, costs that are attributable to contract activity in general and can be allocated to individual contracts, and such other costs as are specifically chargeable to the customer under the terms of the contract. Contract costs exclude general administration costs (unless reimbursement is specified in the construction contract), selling costs, research and development costs (unless reimbursement is specified in the construction contract), and depreciation of idle equipment and equipment not used on a project. Contract costs are recognized as expenses in the period in which they are incurred.

Where current estimates indicate that total contract costs will exceed total contract revenue, the full amount of the expected loss is recognized immediately.

Revenue from services rendered where the final outcome of the contract can be estimated reliably is recognized in profit or loss in proportion to the stage of completion of the contract at the reporting date. The stage of completion is assessed by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract. Revenue from time and material contracts where the work scope is not definitive is recognized at the contractual rates as labour hours and direct expenses are incurred.

Goodwill Impairment Assessment

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired, less liabilities assumed, based on their fair values. Goodwill is not amortized and is tested annually in the fourth quarter or more frequently if events or changes in circumstances indicate that an asset may be impaired. Goodwill arose during multiple past acquisitions. Goodwill associated with the Stuart Olson Dominion, Broda and Canem CGUs arose from the Seacliff acquisition in 2010. Additional goodwill was attributed to the Canem CGU through the McCaine acquisition in 2011. CSG's goodwill stems from the Laird acquisition of 2003. Goodwill recognized on all of these acquisitions was attributable mainly to the synergies achieved from the integration of acquired company into existing construction, commercial and industrial services. The Corporation's annual goodwill impairment test in 2012, resulted in a non-cash impairment charge to the goodwill of Broda and Canem and a non-cash impairment charge against the intangible assets of Broda and other construction equipment. Any significant future reduction in these estimates could result in an impairment of goodwill. Refer to *Note 11* to the Condensed Consolidated Interim Financial Statements for further detail.

Income Tax Provisions

Income tax provisions, including deferred income tax assets and liabilities, may require estimates and interpretations of federal and provincial tax rules and regulations, and judgments as to their interpretation and application to Churchill's specific situation. Income tax provisions are estimated each quarter, updated each year-end to reflect actual differences and the impact of revenue recognition estimates, and then finalized during the preparation of the tax returns. Any changes between the quarterly estimates, the year-end provision, and the final filing position, may impact the income tax expense category, as well as the deferred income tax asset and liability categories.

Accounts Receivable Collectability

Accounts receivable collectability may require an assessment and estimation of the creditworthiness of the client, the interpretation of specific contract terms, the strength of any security that Churchill may have, and the timing of collection. An allowance would be provided against any amount estimated to be uncollectible, and reflected as a bad debt expense.

Valuation of Defined Benefit Pension Plans

Fluctuations in the valuation of the Corporation's defined benefit pension plans expose the Corporation to additional risk. Economic factors such as expected long-term rate-of-return on plan assets, discount rates and future salary and bonus increases will cause volatility in the accrued benefit obligation. Refer to *Note 8* to the Condensed Consolidated Interim Financial Statements for further information.

All estimates are updated each reporting period to reflect actual activity as well as incorporate all relevant information that has come to the attention of management. Given the nature of construction, with numerous contracts in progress at any given time, the impact of these critical accounting estimates on the results of operations is significant. Activities or information received subsequent to the date of this MD&A may cause actual results to vary, which will be reflected in the results of subsequent reporting periods.

Financial Instruments

Financial instruments consist of recorded amounts of receivables and other like amounts that will result in future cash receipts, as well as accounts payable, short-term borrowings and any other amounts that will result in future cash outlays. The fair value of Churchill's short-term financial assets and liabilities approximates their respective carrying amounts on the statement of financial position because of the short-term maturity of those instruments. The fair value of the Corporation's interest-bearing financial liabilities, including capital leases, financed contracts and the revolving credit facility, also approximates their respective carrying amounts due to the floating-rate nature of the debt.

The financial instruments used by the Corporation expose Churchill to credit, interest rate and liquidity risks. The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework and reviews corporate policies on an ongoing basis.

The Corporation is exposed to credit risk through accounts receivable. This risk is minimized by the number of customers in diverse industries and geographical centres. The Corporation further mitigates this risk by performing an assessment of its customers as part of its work procurement process, including an evaluation of financial capacity.

Allowances are provided for potential project losses as at the statement of financial position date. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The Corporation takes into consideration the customer's payment history, creditworthiness and the current economic environment in which the customer operates to assess impairment.

The Corporation accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual account receivable. The provision for doubtful accounts has been included in administrative expenses in the Consolidated Statements of (Loss) Earnings and Comprehensive Earnings, and is net of any recoveries that were provided for in a prior period. Allowance for doubtful accounts as at March 31, 2013 was $1.0 million (December 31, 2012 – $1.6 million).

In determining the quality of trade receivables, the Corporation considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The Corporation had $29.9 million of trade receivables which were greater than 90 days past due with $28.9 million not provided for as at March 31, 2013 (December 31, 2012 – $28.2 million). Of the total, $21.0 million (70%) was concentrated in five customer accounts, and of this amount, $18.4 million remained outstanding as of May 7, 2013. The related customers are considered to be credit-worthy, and there are presently no concerns regarding collectability of these accounts.

Financial risk is the risk to the Corporation's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to this risk. At March 31, 2013, the increase or decrease in annual net earnings for each 100 basis point change in interest rates on floating rate debt would have been approximately $0.4 million (December 31, 2012 - $0.3 million) related to financial assets and by $0.4 million (December 31, 2012 - $0.4 million) related to financial liabilities.

The Corporation invests its cash with the objective of maintaining safety of principal and providing adequate liquidity to meet all current payment obligations. The Corporation invests its cash and cash equivalents with counterparties that are of high credit quality as assessed by reputable rating agencies. Given these high credit ratings, the Corporation does not expect any counterparties to fail to meet their obligations.

Under the Corporation's risk management policy, derivative financial instruments are used only for risk management purposes and not for generating trading profits. The financial instruments are considered unlikely to be effective because they contain risk related to location, basis, foreign exchange and quantity. Therefore, the instruments are not accounted for as designated hedges and volatility in the value of the instruments will impact earnings.

Refer to *Note 20* to the Condensed Consolidated Interim Financial Statements for further detail.

Changes in Accounting Policies

The Corporation's Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2013 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (See *Note 2).* IAS 19 (2011) *Post-employment Benefits* became effective on January 1, 2013 and was applied retrospectively and did not have a material impact on the Corporation's consolidated financial statements. See *Note 8* to the Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2013 for more information regarding the impact of the revised standard. IFRS 11 Joint Arrangements also became effective on January 1, 2013. The adoption of this standard did not have a material impact on Corporation's consolidated financial statements.

Future Changes in Accounting Standards

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. See *Note 3* to the Audited Consolidated Annual Financial Statements at December 31, 2012 for further information.

Risks and Uncertainties

Risks and uncertainties affecting the Corporation are described in the Corporation's most recent Annual Information Form under the heading "Risk Factors", which is incorporated by reference herein.

Controls and Procedures

All of the controls and procedures set out below encompass all Churchill companies.

Disclosure Controls & Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis, so that appropriate decisions can be made regarding public disclosure. The CEO and CFO together are responsible for establishing and maintaining the Corporation's disclosure controls and procedures. They are assisted in this responsibility by the Disclosure Committee which is composed of members of senior management of the Corporation.

An evaluation of the effectiveness of the design of the Corporation's disclosure controls and procedures was carried out under the supervision of Churchill's management, including the CEO and CFO, with oversight by the Board of Directors and its Audit Committee as of March 31, 2013. Based on this evaluation, the CEO and CFO have concluded that the design of the Corporation's disclosure controls and procedures as defined in NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings was effective as at March 31, 2013.

Internal Controls over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of inherent limitations in all control systems, absolute assurance cannot be provided that all misstatements have been detected. Management is responsible for establishing and maintaining adequate internal controls appropriate to the nature and size of the business, to provide reasonable assurance regarding the reliability of financial reporting for the Corporation.

Under the oversight of the Board of Directors and its Audit Committee, management, including the Corporation's CEO and CFO, evaluated the design of the Corporation's internal controls over financial reporting using the control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control – Integrated Framework. The evaluation included documentation review, enquiries, testing and other procedures considered by management to be appropriate in the circumstances. As at March 31, 2013, the CEO and CFO have concluded that the design of the internal controls over financial reporting was effective.

Material Changes to Internal Controls over Financial Reporting

There were no changes to the Corporation's internal controls over financial reporting and the environment in which they operate during the period beginning on January 1, 2013 and ending on March 31, 2013 that have materially affected or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.

Terminology

Throughout this MD&A, management refers to certain terms when explaining its financial results that do not have any standardized meaning under IFRS as set out in the CICA Handbook. Specifically, the terms “Contract Income Margin”, “Work-In-Hand”, “Backlog”, “Working Capital”, “EBITDA”, “EBT”, “Funds from Operations”, “Funds from Operations per Share” and “Book Value per Share” have been defined as:

Contract Income Margin

Contract income margin is the percentage derived by dividing contract income by contract revenue. Contract income is calculated by deducting all associated direct and indirect costs from contract revenue in the period.

Work-In-Hand

Work-in-hand is the unexecuted portion of work that has been contractually awarded for construction to the Corporation. It includes an estimate of the revenue to be generated from maintenance contracts during the shorter of (a) 12 months, or (b) the remaining life of the contract.

Backlog

Backlog means the total value of work, including work-in-hand, that has not yet been completed that (a) is assessed by the Corporation as having high certainty of being performed by the Corporation or its subsidiaries by either the existence of a contract or work order specifying job scope, value and timing, or (b) has been awarded to the Corporation or its subsidiaries, as evidenced by an executed binding or non-binding letter of intent or agreement, describing the general job scope, value and timing of such work, and with the finalization of a formal contract respecting such work currently assessed by the Corporation as being reasonably assured. Active backlog is the portion of backlog that is not work-in-hand (has not been contractually awarded to the Corporation). The Corporation provides no assurance that clients will not choose to defer or cancel their projects in the future.

As at:	**March 31, 2013**			**December 31, 2012**		
($millions)	Work-in-hand	Active backlog	Total backlog	Work-in-hand	Active backlog	Total backlog
	$ 950.1	$ 763.8	$ 1,713.9	$ 964.5	$ 726.0	$ 1,690.5

Working Capital

Working capital is current assets less current liabilities. The calculation of working capital is provided in the table below:

As at: ($millions)	March 31, 2013		December 31, 2012	
Current assets	$	372.7	$	407.5
Current liabilities		282.9		328.3
Working capital	$	89.8	$	79.2

EBITDA and EBT

EBITDA (earnings before interest, taxes, depreciation and amortization) is a common financial measure widely used by investors to facilitate an “enterprise level” valuation of an entity. The Corporation follows the standardized definition of EBITDA, as per the CICA. Standardized EBITDA represents an indication of the Corporation’s capacity to generate income from operations before taking into account management’s financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological currency, and management’s estimate of their useful life. Accordingly, standardized EBITDA comprises revenues less operating cost before interest expense, capital asset amortization and impairment charges, and income taxes. This measure as reported by the Corporation may not be comparable to similar measures presented by other reporting issuers. EBT is earnings before taxes. The following is a reconciliation of net earnings to EBITDA and EBT for each of the periods presented in this MD&A in accordance with IFRS.

	Three months ended March 31			
($millions)	2013		2012(1)	
Net (loss) earnings from continuing operations	$	(1.2)	$	3.0
Add:				
Income tax expense		(0.2)		1.1
EBT from continuing operations	$	(1.4)	$	4.1
Add:				
Depreciation and amortization (indirect cost)		2.5		2.2
Depreciation and amortization (general and administrative)		2.9		4.5
Interest expense		2.7		2.9
EBITDA from continuing operations	$	6.7	$	13.7

Note: *(1) Refer to Note 8 to the notes to the consolidated financial statements for retrospecitve adoption of IAS 19.*

Funds from Operations and Funds from Operations per Share (basic)

Funds from Operations are net cash generated by (used in) operating activities before interest, taxes, and changes in share-based payment liabilities, provisions and non-cash working capital. Funds from Operations per Share are Funds from Operations divided by weighted average basic shares outstanding in the period. Refer to the *Summary of Cash Flows* section of this MD&A for a detailed reconciliation.

Book Value per Share

Book value per share is the value of shareholders' equity less the value of preferred shares divided by basic shares outstanding at the end of the period.

the **Churchill** Corporation

Three month periods ending March 31, 2013 and 2012

Condensed Consolidated Interim Financial Statements

(unaudited)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation is disclosing that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the periods ended March 31, 2013 and 2012.

THE CHURCHILL CORPORATION
Consolidated Statements of (Loss) Earnings and Comprehensive Earnings
For the three month periods ended March 31, 2013 and 2012
(in thousands of Canadian dollars, except share and per share amounts)
(unaudited)

	Note	Three months ended March 31, 2013	March 31, 2012 (Note 8)
Contract revenue	6	**$ 236,844**	$ 333,216
Contract costs		**214,839**	297,549
Contract income		**22,005**	35,667
Other income		**107**	2,186
Finance income		**71**	121
Administrative costs		**(20,810)**	(30,984)
Finance costs		**(2,738)**	(2,867)
(Loss) earnings from continuing operations before tax		**(1,365)**	4,123
Income tax (expense) recovery			
Current income tax		**(382)**	6,855
Deferred income tax		**549**	(7,973)
	7	**167**	(1,118)
Net (loss) earnings from continuing operations		**(1,198)**	3,005
Net earnings from discontinued operations		**-**	87
Net (loss) earnings		**(1,198)**	3,092
Other comprehensive (loss) earnings			
Defined benefit plan actuarial gains (losses)	8	**1,418**	(2,182)
Deferred tax (expense) recovery on other comprehensive earnings		**(358)**	545
		1,060	(1,637)
Total comprehensive earnings		**$ (138)**	$ 1,455
(Loss) earnings per share:			
Basic from continuing operations		**$ (0.05)**	$ 0.13
Basic from discontinued operations		**$ -**	$ -
Basic (loss) earnings per share	9	**$ (0.05)**	$ 0.13
Diluted (loss) earnings per share from continuing operations		**$ (0.05)**	$ 0.13
Diluted (loss) earnings per share from discontinued operations		**$ -**	$ -
Diluted (loss) earnings per share	9	**$ (0.05)**	$ 0.13
Weighted average common shares:			
Basic	9	**24,539,124**	**24,324,749**
Diluted	9	**24,539,124**	**24,520,029**

See accompanying notes to the consolidated financial statements.

THE CHURCHILL CORPORATION
Consolidated Statements of Financial Position
As at March 31, 2013 and December 31, 2012
(in thousands of Canadian dollars)
(unaudited)

	Note		March 31, 2013		December 31, 2012
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**49,411**	$	33,774
Trade and other receivables			**254,854**		309,097
Inventory			**11,293**		11,521
Prepaid expenses			**3,739**		3,850
Costs in excess of billings	10		**45,989**		39,100
Income taxes recoverable			**6,778**		9,505
Current portion of long-term receivable			**225**		225
Assets held-for-sale			**436**		436
			372,725		407,508
Service provider deposit			**4,253**		4,008
Long-term receivable			**50**		50
Deferred tax asset			**18,535**		15,383
Property and equipment	12		**77,396**		77,781
Goodwill	11		**179,016**		179,016
Intangible assets	13		**56,989**		58,695
		$	**708,964**	$	742,441
LIABILITIES					
Current liabilities					
Trade and other payables		**$**	**198,503**	$	233,442
Contract advances and unearned income	10		**75,104**		82,590
Current portion of provisions	14		**5,893**		6,492
Income taxes payable			**2,675**		4,991
Current portion of long-term debt	15		**750**		828
			282,925		328,343
Employee benefits	8		**8,913**		10,820
Provisions	14		**6,087**		4,407
Long-term debt	15		**63,146**		51,909
Convertible debentures	16		**79,792**		79,151
Deferred tax liability			**31,926**		28,927
Share-based payments	17(d)		**3,418**		3,734
			476,207		507,291
EQUITY					
Share capital	18(a)		**127,039**		126,602
Preferred share reserve			**5,128**		5,128
Convertible debentures	16		**7,100**		7,100
Share-based payment reserve	17(a)		**7,425**		7,171
Retained earnings			**86,065**		89,149
			232,757		235,150
		$	**708,964**		742,441

See accompanying notes to the consolidated financial statements.

THE CHURCHILL CORPORATION
Consolidated Statements of Changes in Equity
For the three month periods ended March 31, 2013 and 2012
(in thousands of Canadian dollars)
(unaudited)

	Note	Share capital	Preferred share reserve	Convertible debentures	Share-based payment reserve	Retained earnings (Note 8)	Total equity
Balance at December 31, 2011		$ 124,290	$ 5,128	$ 7,100	$ 7,636	$ 164,987	$ 309,141
Net earnings						3,092	3,092
Other comprehensive loss:							
Defined benefit plan actuarial loss, net of tax						(1,637)	(1,637)
Total comprehensive earnings						1,455	1,455
Transactions recorded directly to equity							
Share-based payment transactions					530		530
Dividends		717				(2,920)	(2,203)
Normal course issuer bid		(179)				(201)	(380)
Balance at March 31, 2012		$ 124,828	$ 5,128	$ 7,100	$ 8,166	$ 163,321	$ 308,543
Balance at December 31, 2012		$ 126,602	$ 5,128	$ 7,100	$ 7,171	$ 89,149	$ 235,150
Net loss						(1,198)	(1,198)
Other comprehensive gain:							
Defined benefit plan actuarial gain, net of tax	8					1,060	1,060
Total comprehensive earnings						(138)	(138)
Transactions recorded directly to equity							
Share-based payment transactions	17(a)				254		254
Dividends	18(a,b)	437				(2,946)	(2,509)
Balance at March 31, 2013		$ 127,039	$ 5,128	$ 7,100	$ 7,425	$ 86,065	$ 232,757

See accompanying notes to the consolidated financial statements.

THE CHURCHILL CORPORATION
Consolidated Statements of Cash Flow
For the three month periods ended March 31, 2013 and 2012
(in thousands of Canadian dollars)
(unaudited)

	Note	**March 31, 2013**	March 31, 2012 (Note 8)
OPERATING ACTIVITIES			
Net (loss) earnings from continuing operations		**$ (1,198)**	$ 3,005
Net earnings from discontinued operations		**-**	87
Depreciation and amortization	12 & 13	**5,388**	6,731
Loss on disposal of assets		**(8)**	13
Gain on disposal of assets held-for-sale		**-**	(1,259)
Gain on settlement of liabilities related to discontinued operations		**-**	99
Non-cash increase in administrative expense	8	**-**	160
Share-based compensation expense	17(e)	**324**	3,285
Gain on derivative instrument		**-**	(491)
Income tax (recovery) expense	7	**(167)**	1,118
Income tax expense on discontinued operations		**-**	(11)
Finance costs		**2,738**	2,867
		7,077	15,604
Share-based payment liability		**-**	(2,958)
Employee benefits		**(489)**	-
Change in provisions	14	**1,081**	(1,427)
Change in non-cash working capital balances relating to operations	19	**3,746**	(40,041)
Cash generated from operations		**11,415**	(28,822)
Interest paid		**(486)**	(551)
Income taxes received (paid)		**30**	470
Net cash generated by general operating activities		**10,959**	(28,903)
INVESTING ACTIVITIES			
Proceeds from long-term receivable		**-**	381
Proceeds on disposal of assets		**66**	282
Proceeds on disposal of assets held-for-sale		**-**	2,050
Additions to intangible assets	13	**(244)**	(1,741)
Additions to property and equipment	12	**(2,960)**	(4,362)
Net cash used in investing activities		**(3,138)**	(3,390)
FINANCING ACTIVITIES			
Increase in service provider deposit		**(245)**	(584)
Proceeds of long-term debt		**58,152**	159,000
Repayment of long-term debt		**(47,151)**	(154,388)
Share purchase under normal course issuer bid		**-**	(380)
Dividend paid	18(b)	**(2,940)**	(2,204)
Net cash financing activities		**7,816**	1,444
Increase (decrease) in cash and cash equivalents during the period		**15,637**	(30,849)
Cash and cash equivalents, beginning of period		**33,774**	59,445
Cash and cash equivalents, end of period		**$ 49,411**	$ 28,596

See accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY

The Churchill Corporation was incorporated on August 31, 1981 in Canada under the Companies Act of Alberta and was continued under the Business Corporations Act (Alberta) on July 30, 1985. The principal activities of The Churchill Corporation and its subsidiaries (collectively, the "Corporation") are to provide building construction, commercial electrical and data systems contracting, industrial insulation contracting, industrial electrical and instrumentation contracting, civil construction and related services within Canada.

The address of the Corporation's head office and its principal address is #400, 4954 Richard Road S.W., Calgary, Alberta, Canada, T3E 6L1. The registered and records office is located at #3700, 400 – 3rd Avenue, S.W., Calgary, Alberta, Canada, T2P 4H2.

2. BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These interim condensed consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and using the accounting policies under International Financial Reporting Standards ("IFRS") for interim financial information. These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation for the year ended December 31, 2012, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the IASB, which were applicable from January 1, 2013. The adoption of these amendments and standards have not had a material impact on the accounting policies, methods of computation or presentation applied by the Corporation, with the exception of IAS 19 (2011), "Employee Benefits" for which the effects of adoption are included in Note 8.

These unaudited condensed consolidated interim financial statements were approved by the Corporation's Board of Directors on May 7, 2013.

(b) Summary of Significant Accounting Policies

The following standards have been adopted by the Corporation effective January 1, 2013:

(i) IAS 19 (2011) – *Post-employment Benefits*

The amendment requires all actuarial gains and losses to be immediately recognized in other comprehensive (loss) income rather than profit and loss and requires expected returns on plan assets recognized in profit or loss to be calculated based on the rate used to discount the defined benefit obligation. Note 8 contains explanations of the effect of the retrospective application of the amended standard on the Corporation's financial position and comprehensive earnings.

(ii) IFRS 11 – *Joint Arrangements*

IFRS 11, "Joint arrangements" was issued by the IASB in May 2011 and supersedes IAS 31, "Interest in joint ventures" and SIC 13, "Jointly controlled entities – non-monetary contributions by venturers". The impact of IFRS 11 is to remove the option to account for joint ventures using proportionate consolidation and require equity accounting in most circumstances. Venturers will transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item on their financial statements. In addition, IFRS 11 will require joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement will no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. The adoption of this standard did not have a material impact on the Corporations consolidated financial statements for the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

3. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

The standards and interpretations in issue but not yet adopted by the Corporation have been disclosed in the audited annual financial statements at December 31, 2012. There have been no new standards and interpretations issued in the first quarter that have an impact on the Corporation.

4. SEGMENTS

The Corporation operates as a construction and maintenance services provider, primarily in Western Canada. The Corporation divides its operations into four reporting segments and reports its results under the categories of: General Contracting, Industrial Services, Commercial Systems, and Corporate and Other. The accounting policies and practices for each of the segments are the same as those described in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2012.

For the period ended March 31, 2013, there were no customers that represented 10% or more of contract revenue earned (March 31, 2012 - $33,009).

THE CHURCHILL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the three month periods ended March 31, 2013 and 2012
(in thousands of Canadian dollars, except share and per share amounts)
(unaudited)

Three month period ended March 31, 2013	**General Contracting**	**Industrial Services**	**Commercial Systems**	**Corporate and Other**	**Intersegment Eliminations**	**Total**
Contract revenue	**$ 116,949**	**$ 79,562**	**$ 47,628**	**$ -**	**$ (7,295)**	**$ 236,844**
EBITDA [1]	**(533)**	**6,179**	**4,033**	**(2,932)**	**16**	**6,763**
Depreciation and amortization	**992**	**2,018**	**411**	**1,917**	**53**	**5,390**
Finance costs	**41**	**12**	**-**	**2,686**	**-**	**2,738**
Earnings (loss) from continuing operations before tax	**$ (1,565)**	**$ 4,149**	**$ 3,622**	**$ (7,534)**	**$ (37)**	**$ (1,365)**
Income tax expense						**167**
Net loss						**$ (1,198)**
Goodwill and intangible assets	**$ 127,812**	**$ 7,754**	**$ 79,948**	**$ 20,491**	**$ -**	**$ 236,005**
Capital expenditures	**$ 564**	**$ 2,184**	**$ 191**	**$ 417**	**$ -**	**$ 3,356**
Total assets	**$ 353,496**	**$ 162,036**	**$ 107,880**	**$ 412,379**	**$ (326,827)**	**$ 708,964**
Total liabilities	**$ 225,494**	**$ 56,979**	**$ 42,274**	**$ 168,384**	**$ (16,924)**	**$ 476,207**

Three month period ended March 31, 2012	General Contracting	Industrial Services	Commercial Systems	Corporate and Other	Intersegment Eliminations	Total
Contract revenue	$ 194,219	$ 104,870	$ 46,644	$ -	$ (12,517)	$ 333,216
EBITDA [1] [2]	5,244	7,250	4,875	(5,263)	1,615	13,721
Depreciation and amortization	935	1,768	597	3,312	119	6,731
Finance costs	3	33	-	2,831	-	2,867
Earnings (loss) from continuing operations before tax [2]	$ 4,306	$ 5,449	$ 4,278	$ (11,406)	$ 1,496	$ 4,123
Income tax expense from continuing operations [2]						(1,118)
Net earnings from continuing operations [2]						$ 3,005
Goodwill and intangible assets	$ 130,395	$ 24,489	$ 130,221	$ 19,437	$ -	$ 304,542
Capital expenditures	$ 1,790	$ 2,160	$ 210	$ 1,943	$ -	$ 6,103
Total assets	$ 432,073	$ 210,754	$ 192,689	$ 34,303	$ (13,413)	$ 856,406
Total liabilities	$ 283,892	$ 66,910	$ 39,229	$ 171,329	$ (13,497)	$ 547,863

(1) EBITDA represents earnings before interest expense, capital asset amortization and impairment charges, and income taxes.
(2) Restated under IAS 19 (2011). Under the old IAS 19, EBITDA, earnings from continuing operations before tax, income tax expense from continuing operations, and net earnings from continuing operations were $13,881, $4,283, ($1,158), and $3,125, respectively.

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

5. JOINT ARRANGEMENTS

The Corporation and its subsidiaries have the following significant interests in joint operations:

Acciona Joint Operation- 50%
Stuart Olson/Conforte Joint Operation - 50%
Kwanlin Dun First Nation - Yukon Corrections Institution - 90%
Kwanlin Dun First Nation - Whitehorse Cultural Centre - 51%

On January 22, 2013, the Corporation dissolved the Ninety North Partners Joint Operation.

These consolidated financial statements include the proportionate share of assets, liabilities, revenue, expenses, net income and cash flow of these joint operations as follows:

		March 31, 2013		December 31, 2012
Current assets	**$**	**4,775**	$	5,190
Current liabilities		**2,548**		3,240

		March 31, 2013		March 31, 2012
Contract income	**$**	**690**	$	11,570
Expenses		**12**		8,667

Cash flow provided (used) by operating activities	**$**	**191**	$	(1,865)

6. REVENUE

		March 31, 2013		March 31, 2012
Construction contract revenue	**$**	**197,742**	$	293,326
Service contract revenue		**37,854**		39,278
Sales of goods		**1,248**		612
Total revenue	**$**	**236,844**	$	333,216

Construction contract revenue is the amount of revenue recognized from the construction of assets and the provision of construction management services. Service contract revenue includes maintenance and other services recognized based on the percentage of completion method, and time and material contracts recognized at contractual rates as labour hours and direct expenses are incurred. Revenue recognized from the sale of goods includes materials that are fabricated to customer specifications under specifically negotiated contracts.

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

7. INCOME TAXES

Income tax recognized per consolidated statements of (loss) earnings:

		March 31 2013		March 31 2012 [(1)]
(Loss) earnings from continuing operations before tax	**$**	**(1,365)**	$	4,123
Income tax at statutory rate of 25.4% (2012 - 25.7%)	**$**	**347**	$	(1,060)
Statutory and other rate differences		**(50)**		34
Non-deductible expenses		**(150)**		(94)
Other		**20**		2
Income tax recovery (expense) from continuing operations	**$**	**167**	$	(1,118)

[(1)] Restated under IAS 19 (2011). Under the old IAS 19, earnings from continuing operations before tax was $4,283.

8. EMPLOYEE BENEFITS

(a) Retrospective application of IAS 19

At the IAS 19 (2011) transition date, the Corporation's benefit plans do not have non-vested past service costs. The Corporation had previously elected to recognize gains and losses in future years outside profit or loss and record these gains and losses as part of other comprehensive income. As a result, the revisions to IAS 19 had no impact on the closing values of the net employee benefits liability recognized on the statement of financial position. However, the amounts recognized in net (loss) earnings and other comprehensive (loss) income differ from those presented in the annual consolidated statements of comprehensive (loss) income and comprehensive (loss) income for the year ended December 31, 2012.

IAS 8 requires that any changes in accounting policies upon initial application of the IFRS shall be applied retrospectively. A third column is required in the consolidated statement of financial position to show the opening transitional balances at the beginning of the earliest comparative period. The Corporation has not presented an opening balance at January 1, 2012 as there were no net differences in the balances presented as a result of the application of IAS 19 (2011).

Reconciliations have been prepared to illustrate the effects of the retrospective application of this standard to the Corporation's condensed consolidated financial statements. As there were no changes in the statements of financial position under the new standard, reconciliations of the statement of financial position at January 1, 2012 and December 31, 2012 have not been provided.

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

(i) Reconciliation of consolidated Statements of Earnings and Comprehensive Income for the three month period ended March 31, 2012

	Previously reported March 31, 2012	Transition to IAS 19	**Restated March 31, 2012**
Contract revenue	$ 333,216	$ -	**$ 333,216**
Contract costs	297,549	-	**297,549**
Contract income	35,667	-	**35,667**
Other income	2,186	-	**2,186**
Finance income	121	-	**121**
Administrative costs	(30,824)	(160)	**(30,984)**
Finance costs	(2,867)	-	**(2,867)**
Earnings from continuing operations before tax	4,283	(160)	**4,123**
Income tax (expense) recovery			
Current income tax	6,855	-	**6,855**
Deferred income tax	(8,013)	40	**(7,973)**
	(1,158)	40	**(1,118)**
Net earnings from continuing operations	3,125	(120)	**3,005**
Net earnings from discontinued operations	87	-	**87**
Net earnings	3,212	(120)	**3,092**
Other comprehensive (loss) earnings			
Defined benefit plan actuarial losses	(2,342)	160	**(2,182)**
Deferred tax recovery on other comprehensive earnings	585	(40)	**545**
Total comprehensive earnings	$ 1,455	$ -	**$ 1,455**
Earnings per share:			
Basic	$ 0.13	$ -	$ 0.13
Diluted	$ 0.13	$ -	$ 0.13

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

(ii) Reconciliations of the balance of retained earnings for the periods ended March 31, 2012 and December 31, 2012

	Previously reported	Transition to IAS 19	**Restated**
Retained earnings, balance at December 31, 2011	$ 164,987	$ -	**$ 164,987**
Net earnings	3,212	(120)	**3,092**
Other comprehensive loss:			**-**
Defined benefit plan actuarial loss, net of tax	(1,757)	120	**(1,637)**
Total comprehensive loss	1,455	-	**1,455**
Transactions recorded directly to equity			
Dividends	(2,920)	-	**(2,920)**
Normal course issuer bid	(201)	-	**(201)**
Retained earnings, balance at March 31, 2012	$ 163,321	$ -	**$ 163,321**

	Previously reported	Transition to IAS 19	**Restated**
Retained earnings, balance at December 31, 2011	$ 164,987	$ -	**$ 164,987**
Net loss	(61,862)	(478)	**(62,340)**
Other comprehensive loss:			**-**
Defined benefit plan actuarial loss, net of tax	(3,571)	478	**(3,093)**
Total comprehensive loss	(65,433)	-	**(65,433)**
Transactions recorded directly to equity			
Share-based payment transactions	1,521	-	**1,521**
Dividends	(11,718)	-	**(11,718)**
Normal course issuer bid	(208)	-	**(208)**
Retained earnings, balance at December 31, 2012	$ 89,149	$ -	**$ 89,149**

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

(iii) Reconciliation of consolidated Statements of Cash Flow for the period ended March 31, 2012

	Previously reported March 31, 2012	Transition to IAS 19	**Restated March 31, 2012**
OPERATING ACTIVITIES			
Net earnings from continuing operations	$ 3,125	$ (120)	**$ 3,005**
Net earnings from discontinued operations	87	-	**87**
Depreciation and amortization	6,731	-	**6,731**
Loss on disposal of assets	13	-	**13**
Gain on disposal of assets held-for-sale	(1,259)	-	**(1,259)**
Gain on settlement of liabilities related to discontinued operations	99	-	**99**
Non-cash increase in administrative expense	-	160	**160**
Share-based compensation expense	3,285	-	**3,285**
Gain on derivative instrument	(491)	-	**(491)**
Income tax expense	1,158	(40)	**1,118**
Income tax expense on discontinued operations	(11)	-	**(11)**
Finance costs	2,867	-	**2,867**
	15,604	-	**15,604**
Share-based payment liability	(2,958)	-	**(2,958)**
Change in provisions	(1,427)	-	**(1,427)**
Change in non-cash working capital balances relating to operations	(40,041)	-	**(40,041)**
Cash generated from operations	(28,822)	-	**(28,822)**
Interest paid	(551)	-	**(551)**
Income taxes received	470	-	**470**
Net cash generated by general operating activities	(28,903)	-	**(28,903)**
INVESTING ACTIVITIES			
Proceeds from long-term receivable	381	-	**381**
Proceeds on disposal of assets	282	-	**282**
Proceeds on disposal of assets held-for-sale	2,050	-	**2,050**
Additions to intangible assets	(1,741)	-	**(1,741)**
Additions to property and equipment	(4,362)	-	**(4,362)**
Net cash used in investing activities	(3,390)	-	**(3,390)**
FINANCING ACTIVITIES			
Increase in service provider deposit	(584)	-	**(584)**
Proceeds of long-term debt	159,000	-	**159,000**
Repayment of long-term debt	(154,388)	-	**(154,388)**
Share purchase under normal course issuer bid	(380)	-	**(380)**
Dividend paid	(2,204)	-	**(2,204)**
Net cash financing activities	1,444	-	**1,444**
Decrease in cash and cash equivalents during the period	(30,849)	-	**(30,849)**
Cash and cash equivalents, beginning of period	59,445	-	**59,445**
Cash and cash equivalents, end of period	$ 28,596	$ -	**$ 28,596**

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

(b) Employee benefits activity for the period

Movement during the periods

		March 31, 2013		December 31, 2012 [(1)]
Balance, beginning of the period	**$**	**10,820**	$	8,315
Expense recognized in profit or loss		**353**		1,716
(Gain) Loss recognized in other comprehensive earnings		**(1,418)**		4,138
Company contributions		**(842)**		(3,349)
Balance, end of the period	**$**	**8,913**	$	10,820

(1) Restated under IAS 19 (2011). Under the old IAS 19, the expense recognized in the statement of loss was $1,076, and the loss recognized in other comprehensive income was $4,778 for the year ended December 31, 2012. The ending balance of employee benefits for the year ended December 31, 2012 was the same under both standards.

Expenses recognized

		March 31, 2013		March 31, 2012 [(1)]
Current service cost	**$**	**245**	$	260
Administrative cost		**47**		73
Interest cost on the defined benefit obligation		**275**		339
Interest income on plan assets		**(214)**		(243)
	$	**353**	$	429

(1) Restated under IAS 19 (2011). Under the old IAS 19, the expense recognized in the statement of loss for the three month period ended March 31, 2012 was $269.

Actuarial gains recognized in other comprehensive earnings

		March 31, 2013		March 31, 2012 [(1)]
Cumulative amount, beginning of period	**$**	**(5,164)**	$	(1,026)
Gain (loss) recognized during the period [(2)]		**1,418**		(2,182)
Cumulative amount, end of period	**$**	**(3,746)**	$	(3,208)

(1) Restated under IAS 19 (2011). Under the old IAS 19, the loss recognized in other comprehensive income for the three month period ended March 31, 2012 was $2,342.

[(2)] Actuarial gain (loss) gives rise to a deferred income tax expense for the period ended March 31, 2013 of $358 (restated tax recovery at March 31, 2012 - $545).

The actuarial gain recognized in other comprehensive earnings for the period ended March 31, 2013 resulted from an increase in the discount rate from 3.80% as at December 31, 2012 to 4.00% at March 31, 2013.

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

9. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

		March 31, 2013		March 31, 2012 (1)
Net (loss) earnings from continuing operations attributable to common shareholders (basic)	**$**	**(1,198)**	$	3,005
Net earnings from discontinued operations attributable to common shareholders (basic)		**-**		87
	$	**(1,198)**	$	3,092
Issued common shares at beginning of period		**24,493,462**		24,300,019
Effect of shares repurchased under NCIB		**-**		(31,154)
Effect of shares issued related to DRIP		**45,662**		55,884
Weighted average number of common shares for the period		**24,539,124**		24,324,749
Basic earnings per share	**$**	**(0.05)**	$	0.13

(1) Restated under IAS 19 (2011). Under the old IAS 19, earnings from continuing operations attributable to common shareholders (basic) was $3,125 for the period ended March 31, 2012. Basic earnings per share for the period ended March 31, 2012 was the same amount under both standards.

(b) Diluted (loss) earnings per share

		March 31, 2013		March 31, 2012 (1)
Net (loss) earnings from continuing operations attributable to common shareholders (basic)	**$**	**(1,198)**	$	3,005
Interest, accretion and amortization of deferred financing fees, net of tax		**-**		-
Net earnings from discontinued operations attributable to common shareholders (basic)		-		87
Net (loss) earnings attributable to common shareholders (diluted)	**$**	**(1,198)**	$	3,092
Weighted average number of common shares (basic)		**24,539,124**		24,324,749
Incremental shares - stock options		**-**		195,280
Incremental shares - convertible debentures		**-**		-
Weighted average number of common shares for the period (diluted)		**24,539,124**		24,520,029
Diluted earnings per share	**$**	**(0.05)**	$	0.13

(1) Restated under IAS 19 (2011). Under the old IAS 19, earnings from continuing operations attributable to common shareholders (basic) was $3,125 for the period ended March 31, 2012. Diluted earnings per share for the period ended March 31, 2012 was the same amount under both standards.

At March 31, 2013, 1,413,147 options (March 31, 2012 – 797,511) were excluded from the diluted weighted average number of common share calculations as their effect would have been anti-dilutive. There were no incremental shares related to the convertible debentures included in the weighted average calculation at March 31, 2013 as the impact of the normalization of earnings (interest, accretion and amortization add-back) outweighed the effect of the related incremental shares and therefore the convertible debentures were anti-dilutive.

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

The incremental shares included in the dilutive weighted average number of shares has been determined using the Corporation's share price at March 31, 2013 of $7.52 (March 31, 2012 - $15.29).

As the Corporation incurred a net loss during the period ended March 31, 2013, the basic and diluted loss per common share are the same amount.

10. CONSTRUCTION AND NON-CONSTRUCTION CONTRACTS

Contracts in progress:

		March 31, 2013		December 31, 2012
Construction costs incurred plus recognized profits less recognized losses to date	**$**	**4,494,501**	$	4,698,839
Less: progress billings		**(4,535,365)**		(4,752,342)
Net over billings on construction contracts		**(40,864)**		(53,503)
Non-construction costs incurred plus recognized profits less recognized losses to date	**$**	**265,881**	$	254,061
Less: progress billings		**(254,132)**		(244,048)
Net under billings on non-construction contracts		**11,749**		10,013
Total net contract position	**$**	**(29,115)**	$	(43,490)

Recognized and included in the consolidated statements of financial position as amounts due:

		March 31, 2013		December 31, 2012
Costs in excess of billings - Construction contracts	**$**	**34,210**	$	28,978
Costs in excess of billings - Non-construction contracts		**11,779**		10,122
Total costs in excess of billings		**45,989**		39,100
Contract advances and unearned income - Construction contracts	**$**	**(75,073)**	$	(82,483)
Contract advances and unearned income - Non-construction contracts		**(31)**		(107)
Total contract advances and unearned income		**(75,104)**		(82,590)
Total net contract position	**$**	**(29,115)**	$	(43,490)

At March 31, 2013, retentions held by customers for contract work amounted to $74,205 (December 31, 2012 - $98,439). Advances received from customers for contract work amounted to $65,717 (December 31, 2012 - $71,536).

11. GOODWILL

The Corporation has allocated its goodwill to its CGUs as follows:

		March 31, 2013		December 31, 2012
SODCL	**$**	**114,078**	$	114,078
CSG		**7,315**		7,315
Canem		**57,623**		57,623
	$	**179,016**	$	179,016

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

12. PROPERTY AND EQUIPMENT

2013	Land and Improvements	Buildings and Improvements	Leasehold Improvements	Construction and Automotive Equipment	Computer Hardware	Office Furniture and Equipment	Assets Under Construction	Total
Cost								
Balance as at December 31, 2012	$ 301	$ 3,216	$ 13,847	$ 91,724	$ 6,193	$ 4,492	$ 3,318	$ 123,091
Additions, including finance leases	-	-	1,470	871	248	512	11	3,112
Disposal	-	-	-	(278)	(49)	(42)	-	(369)
Reclassifications and transfers	-	-	2,715	-	-	111	(2,826)	-
Balance at March 31, 2013	$ 301	$ 3,216	$ 18,032	$ 92,317	$ 6,392	$ 5,073	$ 503	$ 125,834
Accumulated Depreciation and Impairment Losses								
Balance as at December 31, 2012	$ -	$ 1,533	$ 3,543	$ 32,782	$ 4,989	$ 2,463	$ -	$ 45,310
Depreciation expense	-	5	584	2,449	221	179	-	3,438
Disposal of assets	-	-	-	(228)	(49)	(33)	-	(310)
Balance at March 31, 2013	$ -	$ 1,538	$ 4,127	$ 35,003	$ 5,161	$ 2,609	$ -	$ 48,438
Carrying amounts at December 31, 2012	$ 301	$ 1,683	$ 10,304	$ 58,942	$ 1,204	$ 2,029	$ 3,318	$ 77,781
Carrying amounts at March 31, 2013	$ 301	$ 1,678	$ 13,905	$ 57,314	$ 1,231	$ 2,464	$ 503	$ 77,396

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

13. INTANGIBLE ASSETS

2013	ERP assets	Backlog and Agency Contracts	Customer Relationships and Tradename	Computer Software	Total
Cost					
Balance, December 31, 2012	**$ 24,186**	**$ 20,600**	**$ 54,423**	**$ 3,946**	**$ 103,155**
Additions - externally acquired	**231**	**-**	**-**	**13**	**244**
Balance, March 31, 2013	**24,417**	**20,600**	**54,423**	**3,959**	**103,399**
Accumulated amortization					
Balance, December 31, 2012	**2,990**	**20,020**	**17,711**	**3,739**	**44,460**
Amortization expense	**509**	**145**	**1,242**	**54**	**1,950**
Balance, March 31, 2013	**3,499**	**20,165**	**18,953**	**3,793**	**46,410**
Carrying amounts, December 31, 2012	**$ 21,196**	**$ 580**	**$ 36,712**	**$ 207**	**$ 58,695**
Carrying amounts, March 31, 2013	**$ 20,918**	**$ 435**	**$ 35,470**	**$ 166**	**$ 56,989**

14. PROVISIONS

Provisions are recognized when the Corporation has a settlement amount as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate of the obligation can be made. Reversals of provisions are made when new information arises in the period.

	Warranties	Restructuring costs	Claims and disputes	Subcontractor default	Total
Balance at December 31, 2012	$ 4,203	$ 636	$ 3,588	$ 2,472	**$ 10,899**
Provisions made during the period	$ 1,910	$ -	$ 1,000	$ 303	**3,213**
Provisions used during the period	$ (110)	$ (29)	$ (56)	$ (118)	**(313)**
Provisions reversed in the period	$ (1,304)	$ (150)	$ (365)	$ -	**(1,819)**
Balance at March 31, 2013	**$ 4,699**	**$ 457**	**$ 4,167**	**$ 2,657**	**$ 11,980**

The provisions are presented on the statements of financial position as follows:

	March 31, 2013	December 31, 2012
Current portion of provisions	**$ 5,893**	$ 6,492
Long-term provisions	**6,087**	4,407
Total provisions	**$ 11,980**	$ 10,899

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

15. LONG-TERM DEBT

		March 31, 2013		December 31, 2012
Current portion of long-term debt				
Finance lease obligations		**750**		828
	$	**750**	$	828
Non-current				
Revolving credit facility	**$**	**62,755**	$	51,596
Finance lease obligations		**391**		313
	$	**63,146**	$	51,909

16. CONVERTIBLE DEBENTURES

There were no changes to the terms and conditions of the convertible debentures during the quarter ended March 31, 2013.

		March 31, 2013		December 31, 2012
Principal amount - debt component	**$**	**79,151**	$	76,691
Accretion on convertible debentures		**494**		1,894
Amortization of deferred financing fees		**147**		566
Balance at the end of the period	**$**	**79,792**	$	79,151
Principal amount - equity component, end of the period	**$**	**7,100**	$	7,100

17. SHARE-BASED PAYMENTS

(a) Stock options

Movement during the periods

	March 31, 2013			December 31, 2012		
	Number of Stock Options		**Weighted Average Exercise Price**	Number of Stock Options		Weighted Average Exercise Price
Outstanding, beginning of the period	**1,379,981**	**$**	**14.76**	1,542,783	$	14.34
Granted	**118,994**		**8.72**	630,161		14.14
Forfeited	**-**		**-**	(513,187)		16.00
Surrendered	**-**		**-**	(242,776)		7.32
Expired	**(85,828)**		**16.05**	(37,000)		18.26
Outstanding, end of period	**1,413,147**	**$**	**14.17**	1,379,981	$	14.76

The options outstanding at March 31, 2013 have an exercise price in the range of $6.43 to $19.63 (March 31, 2012 - $6.43 to $19.63) and a contractual life of 5 years (March 31, 2012 - 5 years).

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

Compensation costs are recognized over the vesting period as stock-based compensation expense and an increase to the share-based payment reserve. When options are exercised, the fair value amount in the share-based payment reserve is credited to share capital. The following table illustrates the movement in the share-based payment reserve:

		March 31, 2013		December 31, 2012
Balance, beginning of the period	**$**	**7,171**	$	7,636
Stock compensation expense		**254**		2,192
Stock options forfeited		**-**		(1,795)
Stock options surrendered		**-**		(862)
Balance, end of period	**$**	**7,425**	$	7,171

(b) Performance share units (PSU)

Movement during the periods

	March 31, 2013	December 31, 2012
	Number of Performance Share Units	Number of Performance Share Units
Outstanding, beginning of the period	**279,447**	340,055
Granted	**-**	196,785
Forfeited	**-**	(82,267)
Vested and paid	**(42,896)**	(175,126)
Outstanding, end of period	**236,551**	279,447

(c) Deferred share units (DSU)

Movement during the periods

	March 31, 2013	December 31, 2012
	Number of Deferred Share Units	Number of Deferred Share Units
Outstanding, beginning of the period	**407,575**	165,434
Granted	**32,894**	242,921
Cancelled	**(14,407)**	-
Vested	**-**	(780)
Outstanding, end of period	**426,062**	407,575

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

(d) Stock-based payment liability

		March 31, 2013		December 31, 2012
Carrying amount of liabilities for cash-settled arrangements				
- current portion	**$**	**450**	$	53
- long-term portion		**3,418**		3,734
Total carrying amount	**$**	**3,868**	$	3,787
Total intrinsic value of liability for vested benefits	**$**	**2,088**	$	2,274

The PSUs issued in March 2010 vested on March 22, 2013 and were accrued in accounts payable as at March 31, 2013 at a payout ratio of 27.3%, totalling $86. Included in trade and other payables in the consolidated statements of financial position is the current portion of the PSUs to be paid out within the next twelve months. The long-term portion of PSUs and DSUs of $3,418 at March 31, 2013 (December 31, 2012 - $3,374) is classified as share-based payments. The total intrinsic value reflects all of the outstanding DSUs, as none of the PSUs have vested.

(e) Stock compensation expense

		March 31, 2013		March 31, 2012
Stock compensation expense on stock options	**$**	**254**	$	530
Effects of changes in fair value and grants for PSUs		**96**		2,052
Effects of changes in fair value and grants for DSUs		**(26)**		703
	$	**324**	$	3,285

18. SHARE CAPITAL

(a) Common shares and preferred shares

The Corporation’s common shares have no par value and the authorized share capital is comprised of an unlimited number of common shares and an unlimited number of preferred shares issuable in series with rights set by the directors.

	March 31, 2013			December 31, 2012		
	Shares		**Share Capital**	Shares		Share Capital
Common Shares						
Issued, beginning of period	**24,493,462**	**$**	**126,602**	24,300,019	$	124,290
Dividend reinvestment plan	**54,073**		**437**	230,882		2,503
Repurchased in the period	**-**		**-**	(37,439)		(191)
Issued, end of period	**24,547,535**	**$**	**127,039**	24,493,462	$	126,602

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

(b) Common shares and dividends

As at March 31, 2013, trade and other payables includes $2,946 (December 31, 2012 - $2,940) related to the dividend payable on April 16, 2013, of which $393 (December 31, 2012 - $437) is to be reinvested in common shares under the DRIP and the remainder paid in cash.

	March 31, 2013		December 31, 2012	
	Per Share	**Total**	Per Share	Total
Dividend payable, beginning of period	**$ 0.12**	**$ 2,940**	$ 0.12	$ 2,923
Total dividends declared during the period	**0.12**	**2,946**	0.48	11,718
Total dividends paid during the period [1]	**(0.12)**	**(2,940)**	(0.48)	(11,701)
Dividend payable, end of period	**$ 0.12**	**$ 2,946**	$ 0.12	$ 2,940

[1] Includes DRIP non-cash payments totaling $437 (December 31, 2012 - $2,503) which are recorded through share capital.

19. CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATING TO OPERATIONS

	March 31, 2013	March 31, 2012
Trade and other receivables	**$ 54,243**	$ 20,445
Inventory	**228**	(512)
Prepaid expenses	**111**	264
Costs in excess of billings	**(6,889)**	(17,100)
Trade and other payables	**(36,461)**	(27,541)
Contract advances and unearned income	**(7,486)**	(15,597)
	$ 3,746	$ (40,041)

20. FINANCIAL INSTRUMENTS

(a) Carrying values

	March 31, 2013	December 31, 2012
Financial assets:		
Cash and cash equivalents	**$ 49,411**	$ 33,774
Trade and other receivables	**254,854**	309,097
Service provider deposit - long-term portion	**4,253**	4,008
Long-term receivable, including current portion	**275**	275
Financial liabilities:		
Trade and other payables	**$ 198,503**	$ 233,442
Long-term debt, including current portion	**63,896**	52,737
Convertible debentures - debt component	**79,792**	79,151

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

(b) Financial risk management

(i) Credit risk

The Corporation invests its cash with the objective of maintaining safety of principal and providing adequate liquidity to meet all current payment obligations. The Corporation invests its cash and cash equivalents with counterparties that are of high credit quality as assessed by reputable rating agencies. Given these high credit ratings, the Corporation does not expect any counterparties holding these cash equivalents to fail to meet their obligations.

The Corporation assesses trade and other receivables for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The Corporation takes into consideration the customer's payment history, credit worthiness and the current economic environment in which the customer operates to assess impairment.

Prior to accepting new customers, the Corporation assesses the customer's credit quality and establishes the customer's credit limit. The Corporation accounts for specific bad debt provisions when management considers that the expected recovery is less than the actual amount of the accounts receivable.

The provision for doubtful accounts has been included in administrative costs in the consolidated statements of (loss) earnings and is net of any recoveries that were provided for in a prior period.

The following table represents the movement in the allowance for doubtful accounts:

		March 31, 2013		December 31, 2012
Balance at beginning of the year	**$**	**1,589**	$	1,993
Impairment losses recognized on receivables		**269**		941
Amounts written off during the period as uncollectible		**(60)**		(962)
Amounts received during the year		**(794)**		51
Impairment losses reversed		**-**		(434)
Balance at the end of the year	**$**	**1,004**	$	1,589

Trade receivables shown on the statement of financial position include the following amounts that are current and past due at the end of the reporting period. The Corporation does not hold any collateral over these balances and does not have a legal right of offset against any amounts owed by the Corporation to the counterparty. The terms and conditions established with individual customers establish whether or not the receivable is past due.

		March 31, 2013		December 31, 2012
Current	**$**	**98,411**	$	91,727
1-60 days past due		**55,968**		77,119
61-90 days past due		**1,948**		17,078
More than 90 days past due		**29,914**		29,822
	$	**186,241**	$	215,746

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

In determining the quality of trade receivables, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The Corporation had $29,913 of trade receivables which were greater than 90 days past due with $28,910 not provided for as at March 31, 2013 (December 31, 2012 - $28,233). Of the total, $21,032 (70%) was concentrated in five customer accounts and of this amount $18,409 remained outstanding as of May 7, 2013. The five customers are considered to be credit-worthy and there are presently no concerns regarding collectability of these accounts. Trade receivables are included in trade and other receivables on the statements of financial position.

(ii) Interest rate risk

Financial risk is the risk to the Corporation's earnings that arises from fluctuations in the interest rates and the degree of volatility of these rates. The Corporation is exposed to variable interest rate risk on its revolving credit facility. The Corporation does not use derivative instruments to reduce its exposure to this risk.

At the reporting date, the interest rate profile of the Corporation's interest-bearing financial instruments was:

		March 31, 2013		December 31, 2012
Fixed rate instruments				
Financial liabilities	**$**	**79,792**	$	79,151
Variable rate instruments				
Financial assets	**$**	**49,411**	$	33,774
Financial liabilities		**63,896**		52,737

Fixed rate sensitivity

The Corporation does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

Variable rate sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased or decreased equity and profit or loss by $373 (December 31, 2012 - $252) related to financial assets and by $482 (December 31, 2012 - $439) related to financial liabilities.

(iii) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial liability obligations. The Corporation manages this risk through cash and debt management. In managing liquidity risk, the Corporation has access to committed short and long-term debt facilities as well as equity markets, the availability of which is dependent on market conditions.

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

The Corporation believes it has sufficient funding through the use of these facilities to meet foreseeable financial liability obligations.

The following are the contractual obligations, including interest payments as at March 31, 2013, in respect of the financial obligation of the Corporation. Interest payments on the revolving credit facility have not been included in the table below since they are subject to variability based upon outstanding balances at various points throughout the period.

	Carrying amount	Contractual cash flows	0 - 6 months	6 - 12 months	12 - 24 months	After 24 months
Trade and other payables	**$ 198,503**	$ 198,503	$ 198,503	$ -	$ -	$ -
Provisions including current portion	**11,980**	11,980	2,947	2,947	2,659	3,427
Convertible debentures	**79,792**	97,894	2,588	2,588	5,175	87,543
Long-term debt including current portion	**63,896**	63,896	375	375	98	63,048
Lease commitments	**68,489**	68,489	3,951	3,951	6,492	54,095
	$ 422,660	$ 440,762	$ 208,364	$ 9,861	$ 14,424	$ 208,113

21. CAPITAL MANAGEMENT

Over the long-term, the Corporation strives to maintain a target long-term indebtedness to capitalization percentage in the range of 20 to 40 percent, calculated as follows:

	March 31, 2013	December 31, 2012
Long-term indebtedness:		
Long-term debt, excluding current portion net of deferred financing fees	**$ 63,146**	$ 51,909
Convertible debentures - debt component net of deferred financing fees	**79,792**	79,151
Total long-term indebtedness	**142,938**	131,060
Total equity	**232,757**	235,150
Total capitalization	**$ 375,695**	$ 366,210
Indebtedness to capitalization percentage	**38%**	36%

The Corporation targets a long-term indebtedness to EBITDA ratio of 1.5x to 3.0x over a three to five-year planning horizon. At March 31, 2013, the long-term indebtedness to EBITDA was 4.47x (March 31, 2012 – 2.12x) calculated on a trailing twelve-month basis as follows:

	March 31, 2013	March 31, 2012 (1)
Total long-term indebtedness	**$ 142,938**	$ 142,806
Net (loss) earnings	**$ (66,543)**	$ 20,214
Add:		
Finance costs	**11,450**	12,666
Income tax expense	**(3,335)**	7,254
Depreciation and amortization	**25,824**	27,345
Impairment loss	**64,600**	-
EBITDA	**$ 31,996**	$ 67,479
Long-term indebtedness to EBITDA ratio	**4.47x**	2.12x

(1) Restated under IAS 19 (2011). Under the old IAS 19, the trailing twelve-month EBITDA was $67,519.

Notwithstanding the Corporation’s current long-term indebtedness to EBITDA ratio exceeding the target range, management has reviewed the target range and considers it appropriate over the three to five-year horizon.

The Corporation also manages its capital through a rolling forecast of financial position and expected operating results. In addition, the Corporation establishes and reviews operating and capital budgets and cash flow forecasts in order to manage overall capital with respect to financial covenants. The Corporation’s revolving credit facility is subject to the covenants described in the consolidated audited annual financial statements of the Corporation at December 31, 2012. The covenants are measured each quarter on March 31, June 30, September 30 and December 31. The Corporation was in full compliance with its credit facility covenants at March 31, 2013 and December 31, 2012.

22. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and other related parties are disclosed below.

The Corporation incurred facility costs during the period ended March 31, 2013 of $83 (March 31, 2012 – $37) for the rental of a building that is 50% owned by Schneider Investments Inc., a company owned by George Schneider, a Director of the Corporation.

The Corporation incurred facility costs during the period ended March 31, 2013 of $101 (March 31, 2012 - $129) related to the rental of a building owned by Broda Holdings (2009) Inc., a company owned by the president of Broda. At March 31, 2013, $29 is included in trade payables (March 31, 2012 - $29).

23. CONTINGENCIES, COMMITMENTS AND GUARANTEES

The Corporation has provided several letters of credit in the amount of $16,007 in connection with various projects and joint ventures (December 31, 2012 - $15,646), of which $7,500 are financial letters of credit (December 31, 2012 - $6,500). These letters of credit are issued utilizing the credit facilities of the Corporation; however, only the financial letters of credit reduce the maximum availability under the revolving credit facility.

24. EVENTS AFTER THE REPORTING PERIOD

On May 7, 2013, the Corporation's Board of Directors declared a common share dividend of $0.12 per share. The dividend is designated as an eligible dividend under the Income Tax Act (Canada) and is payable July 16, 2013 to shareholders of record on June 28, 2013.

In April 2013, the Corporation issued three types of share-based awards. These awards were issued substantially in accordance with the Amended 2008 Executive Share Unit Plan and are classified as Bridging Restricted Share Units ("BRSUs"), Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"). The BRSUs and RSUs, which are new types of share based awards for the Corporation, represent a component of employee compensation that rewards individual performance contributions in the context of overall business results. The number of units issued for each respective type of award was 295,109, 164,793 and 318,002 units at a fair value at grant date of $7.50. Each of these share-based awards are subject to different vesting conditions ranging from proportionate payments over the first, second and third years, to cliff vesting at the end of three years. The PSUs are additionally subject to achievement of certain performance criteria. The liability related to these share-based payments are re-measured at each reporting date and are therefore adjusted based on the share price at the end of each quarter. Furthermore, 637,725 units of stock options were awarded in April 2013. The exercise price of these units is $7.50 per share, with a fair value at grant date of $2.52, expiring on April 1, 2023. Options vest one-third each on the anniversary of the award date in each of the subsequent three years.

Corporate & Shareholder Information

Officers

Doug Haughey, B.Admin., MBA
Chief Executive Officer

David LeMay, MBA
President and Chief Operating Officer

Daryl Sands, B.Comm., CA
Executive Vice President, Finance and Chief Financial Officer

Don Pearson, B.Sc., P.Eng.
President and Chief Operating Officer
Stuart Olson Dominion Construction Ltd.

Gord Broda
President and Chief Operating Officer
Broda Construction Inc.

Allan Tarasuk, P.Eng., STS
President
Churchill Services Group

Al Miller
President
Canem Systems Ltd.

Andrew Apedoe, B.Comm.
Vice President, Investor Relations

Joette Decore, BSc., MBA
Vice President, Strategy and Corporate Development

Amy Gaucher, B.Comm., CA
Vice President, Finance and Administration

Evan Johnston, L.L.B., CFA
Vice President, General Counsel and Corporate Secretary

Barrie Stanton, B.A.
Vice President, Business Applications and Information Technology

Directors

Albrecht W.A. Bellstedt, B.A., J.D., Q.C.
Chair

Wendy L. Hanrahan, CA (1) (2)

Harry A. King, B.A., CA (1)

Carmen R. Loberg (2) (4)

Allister J. McPherson, B.Sc., M.Sc. (1) (3)

Henry R. Reid, B.ASc., MBA, P.Eng. (4)

Ian M. Reid, B.Comm. (1) (3)

George M. Schneider (2) (4)

Brian W. L. Tod, B.A., LL.B., Q.C. (2) (3)

(1) Member of the Audit Committee
(2) Member of the Human Resources & Compensation Committee
(3) Member of the Corporate Governance & Nominating Committee
(4) Member of the Health, Safety and Environment Committee

Executive Offices

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Calgary, AB T3E 6L1
Phone: (403) 685-7777
Fax: (403) 685-7770
Email: inquiries@churchill-cuq.com
Website: www.churchillcorporation.com

Auditors

Deloitte & Touche LLP
Edmonton, Alberta

Principal Bank

HSBC Bank Canada

Bonding and Insurance

Aon Reed Stenhouse Inc.
CNA Financial Corporation
Travelers Guarantee Company

Registrars and Transfer Agents

Inquiries regarding change of address, registered holdings, transfers, duplicate mailings and lost certificates should be directed to:

Common Shares:

CIBC Mellon Trust Company (1)
600 The Dome Tower
333 – 7th Avenue SW
Calgary, Alberta T2P 2Z1
Phone: 403 776-3900
Fax: 403 776-3916
Email: inquiries@canstockta.com
Website: www.canstockta.com
Answerline: 1-800-387-0825

Convertible Debentures:

Valiant Trust Company
Suite 310, 606 – 4th Street SW
Calgary, Alberta T2P 1T1
Phone: 403 233-2801
Fax: 403 233-2857
Email: inquiries@valianttrust.com
Website: www.valianttrust.com
Toll-free: 1-866-313-1872

(1) Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon Trust Company

Notice of Annnual Meeting

The Annual General Meeting will be held on May 23, at 2:00 pm MDT at the Metropolitan Centre, 333-4 Avenue SW, Calgary, Alberta.

the

Churchill

Corporation

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