Cervus Equipment Corporation Management's Discussion + Analysis

For the period from January 1, 2016 to March 31, 2016

The following Management's Discussion & Analysis ("MD&A") was prepared as of May 10, 2016 and is provided to assist readers in understanding Cervus Equipment Corporation's ("Cervus" or the "Company") financial performance for the three month period ended March 31, 2016 and significant trends that may affect future performance of Cervus. This MD&A should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2016 and notes contained therein and the 2015 annual MD&A. The accompanying interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Cervus' functional and reporting currency is the Canadian dollar. Cervus' common shares trade on the Toronto Stock Exchange under the symbol "CVL".

Additional information relating to Cervus, including Cervus' current annual information form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site **at www.sedar.com**.

This MD&A contains forward-looking statements. Please see the section "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. This MD&A also makes reference to certain non-IFRS financial measures to assist users in assessing Cervus' performance. Non-IFRS financial measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section "Non-IFRS Financial Measures."

Overview of Cervus

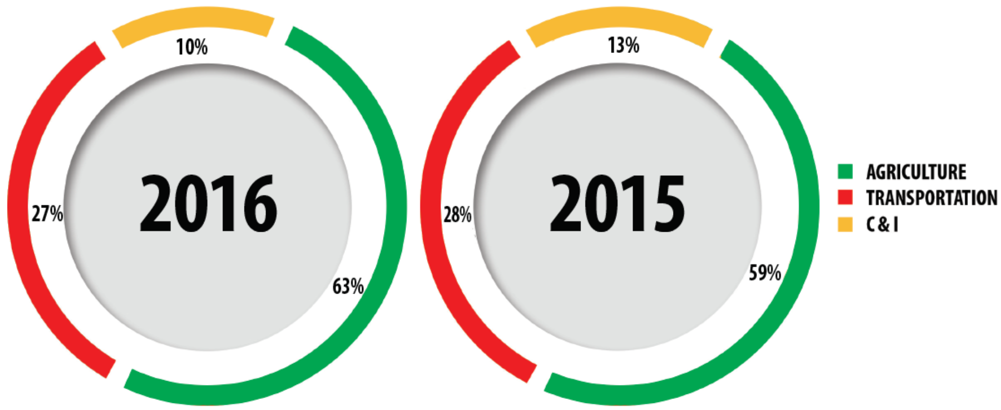
Cervus operates under three segments: Agriculture, Commercial and Industrial, and Transportation based on the industries which they serve. These segments are managed separately, and strategic decisions are made on the basis of their respective operating results.

The Agricultural equipment segment consists of interests in 42 John Deere dealership locations with 14 in Alberta, 11 in Saskatchewan, 1 in British Columbia, 1 in Manitoba, 9 in New Zealand and 6 in Australia. Of the 42 John Deere Dealerships, 35 are wholly owned, and the Company holds a minority interest in 7.

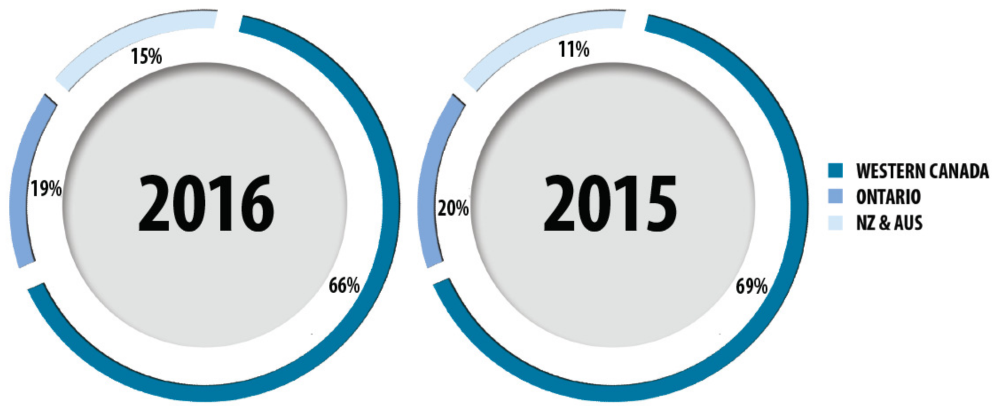
The Commercial and Industrial ("C&I") equipment segment consists of 13 dealership locations with 10 Bobcat/ JCB, Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Alberta, 2 Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Saskatchewan and 1 in Manitoba.

The Transportation segment consists of 17 dealership locations with 4 Peterbilt truck dealerships and 1 collision repair centre operating in Saskatchewan, and 12 Peterbilt truck dealerships operating in Ontario.

Year to date revenue by segment



Year to date revenue by geography



Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute "forward-looking statements". These forward-looking statements may include words such as "anticipate", "believe", "could", "expect", "may", "objective", "outlook", "plan", "should", "target" and "will". All statements, other than statements of historical fact, that address activities, events, or developments that Cervus or a third party expects or anticipates will or may occur in the future, including our future growth, results of operations, performance and business prospects and opportunities, and the assumptions underlying any of the foregoing, are forward-looking statements. These forward-looking statements reflect our current beliefs and are based on information currently available to us and on assumptions we believe are reasonable. Actual results and developments may differ materially from the results and developments discussed in the forward-looking statements as they are subject to a number of significant risks and uncertainties, including those discussed under "Business Risks and Uncertainties" and elsewhere in this MD&A. Certain of these risks and uncertainties are beyond our control. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Cervus. These forward-looking statements are made as of the date of this MD&A, and we assume no obligation to update or revise them to reflect subsequent information, events, or circumstances unless otherwise required by applicable securities legislation.

The most recent quarterly dividend payment of $0.07 per share was made to the shareholders of record as of March 31, 2016 on April 15, 2016. See "Capital Resources - Cautionary note regarding dividends" for a cautionary note regarding future dividends.

Highlights of the Quarter

- The Company generated net income of $1.7 million for the three months ended March 31, 2016, compared to a $3.0 million loss in the first quarter of 2015.
- The Company generated an adjusted loss[1] for the first quarter of 2016 of $2.4 million compared to a $1.3 million loss in the first quarter of 2015.
- Earnings before interest, taxes, depreciation, and amortization ("EBITDA") increased $5.9 million to $10.0 million from $4.1 million in 2015. Excluding unrealized foreign exchange gains and losses and gain on sale of land and building, EBITDA was $5.9 million compared to $5.5 million in 2015.
- Adjusted operating income in the Transportation segment increased $1.3 million, generating $0.8 million of operating profit in the quarter, compared to a $0.5 million operating loss in the first quarter of 2015.
- Cost reduction initiatives resulted in a $6.0 million reduction in selling, general, and administrative ("SG&A") expenses quarter over quarter, decreasing SG&A as a percentage of revenue to 18.3% in the first quarter of 2016 from 18.6% in 2015.
- The Company sold land and building that was classified as held for sale for net proceeds of $6.7 million resulting in a $1.5 million gain on sale, as we transition our Edmonton dealerships to more suitable leased premises.
- Dividends of $0.07 per share were declared to shareholders of record as at March 31, 2016.

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[1] Refer to Non-IFRS Measures herein

First Quarter Consolidated Performance

For the first quarter of 2016 and the comparative period of 2015, overall results equivalent to same store results, as all stores owned in first quarter 2016 were also owned for the duration of the first quarter in 2015.

	Three months period ended March 31		
($ thousands, except per share amounts)	**2016**	**% Change Compared to 2015**	**2015**
Revenue	**208,542**	(13%)	238,422
Cost of sales	**(169,324)**	(13%)	(194,110)
Gross profit	**39,218**	(11%)	44,312
Other income	**1,484**	870%	153
Unrealized foreign exchange gain (loss)	**2,707**	(304%)	(1,326)
Total other income (loss)	**4,191**	(457%)	(1,173)
Selling, general and administrative expense	**(38,223)**	(14%)	(44,271)
Income (loss) from operating activities	**5,186**	(558%)	(1,132)
Finance income	**29**	(49%)	57
Finance costs	**(2,863)**	8%	(2,643)
Share of (loss) profit of equity accounted investees, net of income tax	**(249)**	(178%)	321
Income (loss) before income tax expense	**2,103**	(162%)	(3,397)
Income tax (expense) recovery	**(370)**	(188%)	422
Income (loss) for the period	**1,733**	(158%)	(2,975)
Income (loss) attributable to shareholders	**1,733**	(160%)	(2,896)
EBITDA[1]	**10,039**	143%	4,128
EBITDA margin[1]	**4.8%**		1.7%
Ratios as a percentage of revenue:			
Gross profit margin	**18.8%**		18.6%
Selling, general and administrative	**18.3%**		18.6%
Earnings (loss) per share			
Basic - Adjusted[1]	**(0.16)**	100%	(0.08)
Basic	**0.11**	(158%)	(0.19)
Diluted	**0.11**	(158%)	(0.19)

[1] - Refer to Non-IFRS Measures herein

Operating Summary – Three months ended March 31, 2016
Total EBITDA increased $5.9 million in the three months ended March 31, 2016, including $2.7 million of unrealized foreign exchange gains, and a $1.5 million gain on sale of real estate. Excluding unrealized foreign exchange and sale of real estate, EBITDA increased $0.4 million to $5.9 million compared to $5.5 million in 2015. Driving this increase was a $1.6 million increase in the Transportation Segment, consistent quarter over quarter performance in the Agriculture segment, and a $1.2 million decrease in EBITDA from the Commercial and Industrial segment.

Excluding the impact of unrealized foreign exchange and gains on sale of real estate, EBITDA increased $0.6 million and income from operating activities increased $0.8 million compared the first quarter of 2015. The largest factor in increased operating income was our Transportation operations, which generated $1.3 million of incremental operating income excluding foreign exchange. This result was driven by increased parts and service gross profit due to service efficiencies stemming from integration efforts since acquisition. Operating income from the Agriculture segment increased to $1.3 million compared to $0.8 million in the prior quarter, as reductions in SG&A more than offset a 6% decline in Agriculture revenue quarter over quarter. The increase in operating income from the Transportation and Agriculture sectors was partially offset by a $1.0 million decrease in operating income[2] in the C&I segment, where a 26% reduction in SG&A expenses was offset by a 32% decrease in revenue.

[2] Excluding the $1.5 million gain on sale of real estate in the quarter.

First Quarter Business Segment Performance

The Company has three reportable segments: Agricultural, Transportation, and Commercial and Industrial, each supported by a single shared resources function. The Company allocates the expenditures of shared resources to each individual segment according to specific identification and allocation metrics as outlined in Note 14 of the accompanying Unaudited Condensed Interim Consolidated Financial Statements.

Agricultural Segment Results

	Three months period ended March 31		
($ thousands, except per share amounts)	**2016**	**% Change Compared to 2015**	**2015**
Equipment			
New equipment	**66,536**	(8%)	72,333
Used equipment	**37,600**	(9%)	41,279
Total equipment revenue	**104,136**	(8%)	113,612
Parts	**17,492**	2%	17,184
Service	**8,698**	7%	8,154
Rental and other	**1,028**	(9%)	1,132
Total revenue	**131,354**	(6%)	140,082
Cost of sales	**(110,332)**	(6%)	(117,052)
Gross profit	**21,022**	(9%)	23,030
Other income	**336**	(34%)	511
Selling, general and administrative expense	**(20,020)**	(12%)	(22,734)
Income from operating activities	**1,338**	66%	807
EBITDA	**3,555**		3,575
Ratios as a percentage of revenue:			
Gross profit margin	**16.0%**		16.4%
Selling, general and administrative	**15.2%**		16.2%

Operating Summary – Three months ended March 31, 2016
Total Agriculture EBITDA for the three month period ended March 31, 2016 was in line with the first quarter of 2015. A $2.7 million decrease in SG&A expenses was achieved through targeted expense control which more than offset $2.0 million of reduced gross profit on lower equipment sales. These factors generated a 66% increase in income from operating activities quarter over quarter.

For the three months ended March 31, 2016, income from operating activities increased $0.5 million or 66%. The targeted focus on capturing post-harvest equipment inspections and repairs helped offset decreases in new and used equipment volume. As the first quarter is a time of low farm activity, the timing of equipment sales to large customers can result in noticeable variations year over year. Foreign exchange was also impacted equipment sales in the first quarter, and was a factor in reduced overall industry demand period over period, particularly related to 2WD and 4WD tractors.

SG&A costs decreased $2.7 million (12%) and decreased as a percentage of revenue to 15.2% from 16.2%, due to companywide expense control initiated in the third quarter of 2015. These expense reductions more than offset reduced gross profit, increasing income from operations in the quarter. Further, EBITDA remained flat quarter to quarter, as a $0.5 million reduction in income from equity investments offset the increased income from wholly owned operations.

Transportation Segment Results

($ thousands, except per share amounts)	Three months period ended March 31 2016	% Change Compared to 2015	2015
Equipment			
New equipment	**22,956**	(28%)	31,933
Used equipment	**1,235**	(67%)	3,690
Total equipment revenue	**24,191**	(32%)	35,623
Parts	**22,008**	(4%)	23,006
Service	**7,459**	7%	6,988
Rental and other	**2,671**	23%	2,178
Total revenue	**56,329**	(17%)	67,795
Cost of sales	**(43,438)**	(21%)	(55,140)
Gross profit	**12,891**	2%	12,655
Other (loss) income	**(471)**	4%	(452)
Unrealized foreign exchange gain (loss)	**2,707**	(304%)	(1,326)
Total other income (loss)	**2,236**		(1,778)
Selling, general and administrative expense	**(11,628)**	(8%)	(12,694)
Income (loss) from operating activities	**3,499**	(293%)	(1,817)
EBITDA	**5,263**		(374)
Ratios as a percentage of revenue:			
Gross profit margin	**22.9%**		18.7%
Selling, general and administrative	**20.6%**		18.7%

Operating Summary – Three months ended March 31, 2016
Total Transportation EBITDA increased $5.6 million in the first quarter, and increased $1.6 million excluding the impact of unrealized foreign exchange gains due to fluctuations in the Canadian dollar equivalent of floor plan payables denominated in U.S. dollars. Increased EBITDA was achieved due to integration efforts driving efficiencies in parts and service departments, which generated a 2% increase in overall gross profit dollars despite a 17% decrease in overall revenue. SG&A decreased 8% primarily due to cost reductions within our Saskatchewan dealerships.

For the three months ended March 31, 2016 income from operating activities increased $5.3 million compared to the three months ended March 31, 2015. Excluding the effects of unrealized gains and losses, operating income for the quarter was $0.8 million compared to a $0.5 million loss in the first quarter of 2015, an improvement of $1.3 million. Due to the relative strength of parts and service, gross profit dollars increased despite a decrease in sales. The process improvements and service optimization processes in Ontario were a significant factor in gross profit growth.

SG&A decreased $1.1 million compared to the three months ended March 31, 2015. These cost reductions reflect the actions of our Saskatchewan dealerships beginning second quarter 2015 in response to the contraction in the Saskatchewan resource sector. In addition, increased cost of equipment due to foreign exchange contributed to reduced equipment demand in both Ontario and Saskatchewan. Exchange rates in first quarter 2016 were approximately 10% more expensive than 2015, with the CAD/USD averaging1.37 compared to 1.24 in first quarter 2016 compared to 2015, respectively.

Commercial and Industrial Segment Results

	Three months period ended March 31		
($ thousands, except per share amounts)	2016	% Change Compared to 2015	2015
Equipment			
New equipment	**9,506**	(41%)	15,984
Used equipment	**1,795**	(10%)	1,991
Total equipment revenue	**11,301**	(37%)	17,975
Parts	**5,597**	(18%)	6,853
Service	**3,042**	(22%)	3,925
Rental and other	**919**	(49%)	1,792
Total revenue	**20,859**	(32%)	30,545
Cost of sales	**(15,554)**	(29%)	(21,918)
Gross profit	**5,305**	(39%)	8,627
Other income	**1,619**	1622%	94
Selling, general and administrative expense	**(6,575)**	(26%)	(8,843)
Income (loss) from operating activities	**349**	(386%)	(122)
EBITDA	**1,221**		927
Ratios as a percentage of revenue:			
Gross profit margin	**25.4%**		28.2%
Selling, general and administrative	**31.5%**		29.0%

Operating Summary – Three months ended March 31, 2016
Total Commercial and Industrial (C&I) segment EBITDA increased by $0.3 million, including a $1.5 million gain on the sale of real estate as we transition our Edmonton dealerships to more suitable leased premises. Excluding the gain on sale of real estate, EBITDA decreased $1.2 million due to persistent pressures in the resource sector quarter over quarter, combined with a mild winter tempering demand during the historically active snow removal season. Expense reductions initiated in the second quarter of 2015 generated a 26% reduction in SG&A, reducing the impact of the 39% decrease in gross profit.

Excluding the gain on sale of properties in other income, operating income declined $1.0 million. C&I segment equipment demand is linked to our customers' outlook regarding construction contracts, which have been impacted by the overall outlook for oil combined with a mild winter reducing demand tied to snow removal. Despite a decline in sales, inventory levels in this segment have been a focus and have decreased by $23.9 million compared to the similar period of 2015. The inventory decrease was the main driver in lower overall gross profit percentage quarter over quarter.

Action taken to scale operations in response to market factors reduced SG&A by $2.3 million or 26% compared to the three months ended March 31, 2015. The Company continues to monitor and seek cost efficiencies during these periods of reduced economic activity, while maintaining the ability to respond when the industry cycle recovers.

First Quarter Cash Flows

Cash and Cash Equivalents – Three Months Ended March 31, 2016

Cervus' primary sources and uses of cash flow for the three months ended March 31, 2016 are as follows:

Operating Activities
Net cash provided by operating activities was $1.2 million for the three months ended March 31, 2016, compared to cash used of $5.7 million for the same period of 2015, a net increase of $6.9 million. The primary reasons for this increase was due to $1.7 million of net cash used for working capital items in the current year, compared to $7.8 million used year to date 2015.

Investing Activities
During the three months ended March 31, 2016, the Company had $0.5 million of net cash used in investing activities compared $15.1 million used in investing activity for the same period in 2015. During the three months ended March 31, 2015, the Company had higher capital additions and amounts were paid for final holdback payments on business acquisitions in 2014, these amounts were accrued as payable in 2014.

Financing Activities
During the three months ended March 31, 2016, the Company's financing activities used $3.9 million of cash, compared to cash provided of $13.9 million in 2015, for a change of $17.8 million. The primary driver of the change when compared to the same period in 2015 is net proceeds from term debt of $18.3 million in 2015 primarily on drawings on Syndicate line for final payments on 2014 acquisitions and working capital requirements, compared to $0.8 million in 2016 for working capital.

Consolidated Financial Position & Liquidity

($ thousands, except ratio amounts)	March 31, 2016	December 31, 2015
Current assets	**402,944**	405,778
Total assets	**623,761**	629,785
Current liabilities	**283,872**	287,891
Long-term financial liabilities	**133,466**	136,953
Shareholders' equity	**194,189**	193,293
Working capital (see "Non-IFRS Measures")	**119,072**	117,887
Working capital ratio (see "Non-IFRS Measures")	**1.42**	1.41

Working Capital

Cervus' working capital increased by $1.2 million at 119.1 million at March 31, 2016 when compared to $117.9 million at December 31, 2015.

Based on inventory levels at March 31, 2016, the Company had the ability to floor plan an additional $51.4 million of inventory, and held $211.2 million of undrawn floor plan capacity.

The Company's ability to maintain sufficient liquidity is driven by revenue, gross profit realization, and judicious allocation of resources. At this time, there are no known factors that management is aware of that would affect its short and long-term objectives of meeting the Company's obligations as they come due. Working capital may fluctuate from time to time based on the use of cash and cash equivalents related to the seasonal nature of our business, and funding potential future business acquisitions. Cash resources can typically be restored by accessing floor plan monies from unencumbered equipment inventories or accessing undrawn credit facilities. Also, the seasonality of our business requires greater use of cash resources in the first and fourth quarter of each year to fund general operations caused by the seasonal nature of our sales activity.

Inventories

The nature of the business has a significant impact on the amount of equipment that is owned by our various dealerships. The majority of our Agricultural equipment sales come with a trade-in, a limited portion of our Transportation sales come with a trade-in, and our Commercial and Industrial equipment sales usually do not have trade-ins. This results in a higher amount of used Agriculture equipment than used Transportation and Commercial and Industrial equipment. In addition, the majority of our new John Deere equipment is on consignment from John Deere, whereas we purchase the new equipment from our other manufacturers. These factors directly impact the amount new and used equipment in inventory. The majority of our product lines, in all segments, are manufactured in the US with pricing based in US dollars, but invoiced in Canadian dollars.

Inventory by segment for the period ended March 31, 2016 compared to December 31, 2015 is as follows:

($ thousands)	**March 31, 2016**	December 31, 2015
Agricultural	**213,003**	204,071
Transportation	**80,631**	69,708
Commercial & Industrial	**38,973**	43,947
Total	**332,607**	317,726

As at March 31, 2016, inventories had increased by $14.9 million to $332.6 million when compared to $317.7 million at December 31, 2015. Of the $14.9 million increase, $10.1 million relates to new equipment, $4.0 million in used and $0.7 million in parts.

Due to seasonality of sales activity in our operating segments, comparison to inventory levels at December 31, 2015 may be limited. Therefore, we have provided inventory by segment for the period ended March 31, 2016 compared to March 31, 2015. A summary of the movement is as follows:

($ thousands)	**March 31, 2016**	March 31, 2015
Agricultural	**213,003**	214,142
Transportation	**80,631**	87,827
Commercial & Industrial	**38,973**	62,875
Total	**332,607**	364,844

Inventory has decreased $32.2 million when compared to March 31, 2015. Of the $32.2 million decrease, $16.1 million relates to new equipment and $14.6 million in used. Inventory levels expressed in dollars within the Agriculture segment is consistent with Q1 2015, despite the increases in the US dollar cost between the two periods. This has been achieved through continued focus in managing inventory levels throughout the year. The decrease in our inventory in our Transportation and Commercial and Industrial segments is due to continued focus on reducing stock inventory and to manage inventory levels to the current western Canadian equipment demand. The demand has been pressured due to the economic implications of resource price decrease and related uncertainty in western Canada, as previously discussed.

At March 31, 2016, the Company believes that the recoverable amount on used equipment inventory exceeds their respective carrying value and no significant general impairment reserve is required or has been recorded.

Accounts Receivable

The calculated rolling twelve month average time to collect the Company's outstanding accounts receivables was approximately 19 days as at March 31, 2016 compared to 20 days for the same period in 2015. At March 31, 2016 no single outstanding customer balance, excluding sales contract financing receivables, represented more than 10% of total accounts receivable. The Company closely monitors the amount and age of balances outstanding on an on-going basis and establishes provisions for bad debts based on account aging, combined with specific customers' credit risk, historical trends, and other economic information.

The Company's allowance for doubtful collections was $0.8 million at March 31, 2016 (March 31, 2015 - $1.3 million), which represents 1.9% (March 31, 2015 – 3.0%) of outstanding trade accounts receivable and 0.1% (March 31, 2015- 0.1%) of gross revenue on an annual basis. Bad debt expense for the three months ended March 31, 2016 amounted to a $1.2 million expense (2015 - $0.1 million recovery).

Capital Resources

We use our capital to finance current operations and growth strategies. Our capital consists of both debt and equity and we believe the best way to maximize shareholder value is to use a combination of equity and debt financing to leverage our operations. A summary of the Company's available credit facilities as at March 31, 2016 are as follows:

($ thousands)	Total Amount	Borrowings	Letters of Credit	Consigned Inventory	Amount Available
Operating and other bank credit facilities	100,821	55,921	2,556	-	42,344
Floor plan facilities and rental equipment floor plan facilities	477,244	182,739	-	83,340	211,165
Capital facilities	63,378	41,563	-	-	21,815
Total	641,443	280,223	2,556	83,340	275,324

Operating and Other Bank Credit Facilities

At March 31, 2016 the Company has a committed revolving credit facility with a syndicate of lenders, with a principal amount of $100.0 million. The facility is committed for a two year term beginning December 21, 2015, but may be extended on or before the anniversary date with the consent of the lenders. The facility contains an $80.0 million accordion which the Company may request as an increase to the total available facility, subject to lender approval. As at March 31, 2016 there was $55.1 million drawn on the facility and $2.4 million had been utilized for outstanding letters of credit to John Deere.

Operating and other bank credit facilities include both Canadian and New Zealand balances. The New Zealand operating facility of NZ $1.5 million (CAD $1.3 million), represents the Company's operating credit facility with its New Zealand bank.

We believe that the credit facilities available to the Company outlined above are sufficient to meet our market share targets and working capital requirements for 2016. The Company must meet certain financial covenants as part of its current credit facilities, as at the date of this report, the Company is in compliance with all of its covenants.

Floor Plan Facilities

Floor plan payables consist of financing arrangements for the Company's inventories and rental equipment financing with John Deere Canada ULC, GE Canada Equipment Financing G.P., General Electric Canada Equipment Financing G.P., GE Commercial Distribution Finance Canada, De Lage Landen Financial Services Canada Inc., PACCAR Financial Ltd., US Bank, and Canadian Imperial Bank of Commerce. At March 31, 2016, floor plan payables related to inventories were $170.1 million.

Floor plan payables at March 31, 2016 represented approximately 51.1 % of our inventories (December 31, 2015 – 53.1%). Floor plan payables fluctuate significantly from quarter to quarter based on the timing between the receipt of equipment inventories and their actual repayment so that the Company may take advantage of any programs made available to the Company by its key suppliers.

Interest on floor plans at the contractual rate were largely offset by dealer rebates and interest free periods. Total Agricultural segment interest otherwise payable on John Deere floor plans approximates $0.4 million for the three period ended March 31, 2016. This amount was offset by rebates applied during the three month period ended March 31, 2016, of $0.3 million. At March 31, 2016, approximately 51% of the C&I and 8% of the Transportation segment's outstanding floor plan balances were non-interest bearing due to various incentives and interest free periods in place.

Capital Facilities

Capital facilities consist of capital asset financing primarily through credit facilities with Farm Credit Canada and Affinity Credit Union.

Outstanding Share Data

As of the date of this MD&A, there are 15,649 thousand common shares, 39 thousand share options, and 816 thousand deferred shares outstanding. The Company also has convertible debentures with a face value of $34.5 million, convertible into common shares at the holder's option prior to the maturity date (July 31, 2017) at a conversion price of $26.15 per common share (see "Contractual Obligations"). Further, at the maturity date, the Company may repay the debentures in cash or shares, at the Company's discretion. As at March 31, 2016 and 2015, the Company had the following weighted average shares outstanding:

(thousands)	March 31, 2016	March 31, 2015
Basic weighted average number of shares outstanding	15,622	15,382
Dilutive impact of deferred share plan	811	-
Diluted weighted average number of shares outstanding	16,433	15,382

The above tables excludes all deferred share units and options for the three months ended March 31 2015, (716 thousand) as they are considered anti-dilutive.

Dividends Paid and Declared to Shareholders

The Company, at the discretion of the Board of Directors, is entitled to make cash dividends to its shareholders. The following table summarizes our dividends paid for the period ended March 31, 2016:

($ thousands, except per share amounts) Record Date	Dividend per Share	Dividend Payable	Dividends Reinvested	Net Dividend Paid
March 31, 2016	0.0700	1,094	226	868

As of the date of this MD&A, all dividends as described above were paid (see "Capital Resources – Cautionary note regarding dividends").

Dividend Reinvestment Plan ("DRIP")

The DRIP was implemented to allow shareholders to reinvest quarterly dividends and receive Cervus shares. For shareholders who elect to participate, their periodic cash dividends are automatically reinvested in Cervus shares at a price equal to 95% of the volume-weighted average price of all shares for the ten trading days preceding the applicable record date. Eligible shareholders can participate in the DRIP by directing their broker, dealer, or investment advisor holding their shares to notify the plan administrator, Computershare Trust Company of Canada Ltd., through the Clearing and Depository Services Inc. ("CDS"), or directly where they hold the certificates personally.

During the three month period ended March 31, 2016, 18 thousand common shares were issued through the Company's dividend reinvestment plan.

Taxation

Cervus' 2015 dividends declared and paid through March 31, 2016 are considered to be eligible dividends for tax purposes on the date paid.

Cautionary Note Regarding Dividends (see "Note Regarding Forward-Looking Statements")

The payment of future dividends is not assured and may be reduced or suspended. Our ability to continue to declare and pay dividends will depend on our financial performance, debt covenant obligations, and our ability to meet our debt obligations and capital requirements. In addition, the market value of the Company's common shares may decline if we are unable to meet our cash dividend targets in the future, and that decline may be significant. Under the terms of our credit facilities, we are restricted from declaring dividends or distributing cash if the Company is in breach of its debt covenants. As at the date of this report, the Company is not in violation of any of its covenants.

Summary of Quarterly Results

($ thousands, except per share amounts)	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Revenues	**208,542**	257,726	334,742	302,988
Profit (loss) attributable to the shareholders	**1,733**	3,768	3,910	(32,203)
Gross profit dollars	**39,218**	52,095	55,278	55,256
Gross margin percentage	**18.8%**	20.2%	16.5%	18.2%
EBITDA	**10,039**	15,034	14,863	12,305
Earnings (loss) per share:				
Basic	**0.11**	0.24	0.25	(2.08)
Diluted	**0.11**	0.23	0.24	(2.08)
Adjusted earnings (loss) per share[1]				
Basic	**(0.16)**	0.32	0.43	0.19
Diluted	**(0.16)**	0.31	0.41	0.18
Weighted average shares outstanding				
- Basic	**15,622**	15,578	15,519	15,446
- Fully diluted	**16,433**	16,255	16,222	15,446

($ thousands, except per share amounts)	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Revenues	238,422	289,040	286,192	237,488
Profit (loss) attributable to the shareholders	(2,896)	5,870	7,707	5,618
Gross profit dollars	44,312	55,954	52,345	45,253
Gross margin percentage	18.6%	19.4%	18.3%	19.1%
EBITDA	4,128	15,909	17,599	13,247
Earnings (loss) per share:				
Basic	(0.19)	0.38	0.51	0.37
Diluted	(0.19)	0.37	0.49	0.35
Adjusted earnings (loss) per share[1]				
Basic	(0.08)	0.49	0.57	0.39
Diluted	(0.08)	0.47	0.55	0.37
Weighted average shares outstanding				
- Basic	15,382	15,273	15,148	15,130
- Fully diluted	15,382	16,023	15,884	15,835

[1] - Refer to Non-IFRS Measures herein

Sales activity for the Agricultural segment is normally highest between April and September during growing seasons in Canada and the impact on the growing seasons for New Zealand and Australia has not materially impacted the above results. Activity in the Transportation sector generally increases in winter months, while the Commercial and Industrial sector generally slows in the winter months. As a result, earnings or losses may not accrue uniformly from quarter to quarter. The reason for the change in net profit for the four most recent quarters when compared to prior quarters, is primarily the impact of resource prices on western Canadian Transportation and C&I operations, followed by our Ontario Peterbilt operations generating operating losses during integration.

MARKET OUTLOOK (see "Note Regarding Forward-Looking Statements")

The Company's three operational segments are subject to broad market forces in addition to the underlying economic factors specific to the industries they serve. Further, the geographical diversity of the Company's operations may temper or accelerate broader market forces in their significance region to region. The following provides an overview of Management's market outlook as it relates to the Company's operations.

Alberta & Saskatchewan

Agriculture outlook remains the driving variable in the Company's western Canadian operations, due to the strength of the agriculture sector, and relative size of the Agricultural Segment.

Despite weather related concerns through the first half of the 2015 growing season, 2015 ended strong for Canadian farmers. Farm net cash income set a record high in 2015,[3] and combined with the strength in Canadian agriculture over the last decade, farm net worth is also at record highs.[4] At time of writing, AAFC is assuming average 2016 crop yield, while expecting pressure on world grain prices from abundant grain supplies at the global level.[5] Within Canada, AAFC notes that a weak Canadian dollar "has provided strong support to prices in Canada" and is forecasting grain prices for Canadian farmers to average slightly higher than in 2015.[6] Stability in crop pricing partially offsets the effect of increased costs for machinery priced in U.S. dollars. Through 2016, we see opportunities to continue to refine our service process to further increase efficiencies, as the significant equipment population in our geography continues to drive parts and service revenues, and our customer's plant, maintain, and harvest a crop each year.

Our western Canadian Commercial and Industrial segment and our Saskatchewan transportation dealerships continue to weather the impact of oil prices on the western Canadian economy. Despite recent upward movement, average monthly oil prices in March of 2016 remained 60% below the price 18 months prior.[7] At present, we do not anticipate an acceleration of equipment demand in these segments until such time that resource activity resumes. Our focus in the current cycle is continued support of our customers, while prudently managing expenses. To this end, we have achieved significant reductions in SG&A expenses while maintaining or improving service delivery. This theme will be a sustained focus through 2016.

Ontario

Positive market fundamentals are expected to continue in Ontario, with a provincial economy expected to be a national leader in 2016.[8] Profitable growth within our Ontario transportation dealerships in the first quarter of 2016 demonstrates the progress made, while continued effort is required to achieve target performance. Our focus remains the development and equipping of the team, and refining processes to support our customers and improve efficiencies. Volatility of foreign exchange has been a significant variable in demand for equipment sales, and we expect this will continue until the Canadian dollar finds equilibrium. Through 2016 we continue to focus on branch profitability, and see the largest opportunities in building efficient parts and service departments, supported by a capable high volume equipment sales team.

New Zealand & Australia

Within New Zealand, depressed dairy prices continue to be a dominating influence, although outlook is improving as global auction prices are slowly recovering from record lows. Weather outlook is for an average growing season, with minimal residual impact from 2015's El Nino. Tractor sales outside of the primary dairy regions have been stronger than expected. Supporting demand outside of dairy is the positive outlook in the produce and vineyard sectors, combined with demand for smaller tractors in the farm and acreage segment related to ranching, as meat prices remain strong.

Within our Australian geography, farmers have endured a drier than normal start to 2016, increasing operating costs as livestock farmers have had to purchase supplemental feed. The livestock sector has benefited from consistent pricing for sheep and beef, although the dairy sector continues to be challenged, as prices have improved slightly but

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[3] Agriculture and Agri-Food Canada *2016 Canadian Agricultural Outlook,* February 19, 2016, http://www.agr.gc.ca/eng

[4] Agriculture and Agri-Food Canada *2016 Canadian Agricultural Outlook,* February 19, 2016, http://www.agr.gc.ca/eng

[5] Agriculture and Agri-Food Canada *Outlook for Principal Field Crops,* April 13, 2016 , http://www.agr.gc.ca/eng

[6] Agriculture and Agri-Food Canada *Outlook for Principal Field Crops,* April 13, 2016 , http://www.agr.gc.ca/eng

[7] Natural Resources Canada, *Crude Oil Prices*, based on Canadian light sweet in $ CAD, http://www.nrcan.gc.ca

[8] TD Economics, *Provincial Economic Forecast* April 5, 2016, https://www.td.com/economics

remain near historical lows. Current expectation is for a much needed improvement in weather conditions over the coming quarter, as the El Nino conditions of 2015 are forecast to transition to the cooler conditions of La Nina towards the second half of 2016. The expectation of higher precipitation in 2016 is providing farmers a generally positive outlook for the coming year, one indicator of equipment demand.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, and service agreements. We have also agreed to indemnify our directors, officers, and employees and those of our subsidiaries, in accordance with our governing legislation, our constating documents and other agreements. Certain agreements do not contain any limits on our liability and, therefore, it is not possible to estimate our potential liability under these indemnities. In certain cases, we have recourse against third parties with respect to these indemnities. Further, we also maintain insurance policies that may provide coverage against certain claims under these indemnities.

John Deere Credit Inc. ("Deere Credit") provides financing to certain of the Company's customers. A portion of this financing is with recourse to the Company if the amounts are uncollectible. At March 31, 2016, payments in arrears by such customers aggregated $257 thousand. In addition, the Company is responsible for assuming all lease obligations held by its customers with Deere Credit for the net residual value of the lease outstanding at the maturity of the contract. At March 31, 2016, the net residual value of such leases aggregated $196.4 million of which the Company believes all are recoverable.

The Company is liable for a potential deficiency in the event that the customer defaults on their lease obligation or retail finance contract. Deere Credit retains 1% of the face amount of the finance or lease contract for amounts that the Company owes Deere Credit under this obligation. The deposits are capped at between 1% and 3% of the total dollar amount of the lease and finance contracts outstanding. The maximum liability that can arise related to these arrangements is limited to the deposits of $2.5 million at March 31, 2016. Deere Credit reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, Deere Credit refunds the difference to the Company.

The Company has issued irrevocable standby Letters of Credit to Deere Credit and another supplier in the aggregate amount of $2.4 million. The Letters of Credit were issued in accordance with the dealership arrangements with the suppliers that would allow the supplier to draw upon the letter of credit if the Company was in default of any of its obligations.

Transactions with Related Parties

Key Management Personnel Compensation

In addition to their salaries, the Company also provides non-cash benefits to its directors and executive officers. The Company contributes to the deferred share plan on behalf of directors and executive officers, and to the employee share purchase plan on behalf of executive officers, if enrolled, in accordance with the terms of the plans. The Company has no retirement or post-employment benefits available to its directors and executive officers, aside from permitting unvested deferred share units earned during employment to continue vesting upon retirement. In addition, no directors or executive officers are part of the share option plan.

Other Related Party Transactions

Certain officers and dealer managers of the Company have provided guarantees to John Deere as required by John Deere aggregating $6.5 million. The guarantees are kept in place until released by John Deere. During the three month periods ended March 31, 2016 and 2015, the Company paid those individuals $49 thousand for providing these guarantees which represents a similar amount to guarantee fees otherwise paid to financial institutions. These transactions were recorded at the amount agreed to between the Company and the guarantors and are included in selling, general and administrative expenses.

Critical Accounting Estimates and Judgements

Preparation of unaudited and audited consolidated financial statements requires that we make assumptions regarding accounting estimates for certain amounts contained within the unaudited and audited consolidated financial statements. We believe that each of our assumptions and estimates is appropriate to the circumstances and represents the most likely future outcome. However, because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, future events may result in significant differences between estimates and actual results. Further information on our critical accounting estimates can be found in the notes to the audited consolidated financial statements for the year ended December 31, 2015 as filed on SEDAR at www.sedar.com. In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2015.

Business Risks and Uncertainties

The Company's business risks and uncertainties remain unchanged from those discussed in our annual MD&A for the year ended December 31, 2015 as filed on SEDAR at www.sedar.com

Changes in Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2015 and as described in note 3 in those financial statements.

Responsibility of Management and Board

Internal Controls Over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Cervus are responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and the CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no significant changes in the design of our ICFR during the three month period ended March 31, 2016, that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

The control framework utilized to design the Company's ICFR is the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), (2013).

Disclosure Controls

The CEO and the CFO are also responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P"). Disclosure controls and procedures are controls and other procedures designed to provide reasonable assurance that information required to be disclosed in documents filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation and includes controls and procedures designed to ensure that information required to be disclosed in documents filed or submitted under securities legislation is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities. There have been no significant changes in the design of our DC&P during the three month period ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect the Company's DC&P.

It should be noted a control system, including the Company's DC&P and ICFR, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system will be met, and it should not be expected that DC&P and ICFR will prevent all errors or fraud.

Non-IFRS Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to profit or to cash flow from operating, investing, and financing activities determined in accordance with IFRS as indicators of our performance. These measures are provided to assist investors in determining our ability to generate profit and cash flow from operations and to provide additional information on how these cash resources are used. These financial measures are identified and defined below:

Adjusted Earnings

Adjusted earnings is provided to aid in the comparison of the Company's results from one period, to the Company's results from another period. The Company calculates Adjusted Earnings as follows:

	Three months ended March 31	
($ thousands, except per share amounts)	**2016**	**2015**
Income (loss) attributed to shareholders	**1,733**	(2,896)
Adjustments:		
Unrealized foreign currency (gain) loss	**(2,707)**	1,326
Acquisition and integration costs	**-**	312
Loss (gain) on sale of land and building	**(1,464)**	-
Adjusted income attributed to shareholders	**(2,438)**	(1,258)
Adjusted earnings per share:		
Basic	**(0.16)**	(0.08)
Diluted	**(0.16)**	(0.08)

EBITDA

Throughout the MD&A, reference is made to EBITDA, which Cervus' management defines as earnings before interest, income taxes and depreciation and amortization. Management believes that EBITDA is a key performance measure in evaluating the Company's operations and is important in enhancing investors' understanding of the Company's operating performance. As EBITDA does not have a standardized meaning prescribed by IFRS, it may not be comparable to similar measures presented by other companies. As a result, we have reconciled profit as determined in accordance with IFRS to EBITDA, as follows:

Three months ended March 31, 2016

EBITDA ($ thousands) Three months ended March 31, 2016	**Total**	**Agricultural**	**Transportation**	**Commercial & Industrial**
Net profit (loss)	**1,733**	(399)	2,060	72
Add:				
Interest	**3,397**	1,716	1,363	318
Income taxes	**370**	(86)	441	15
Depreciation and Amortization	**4,539**	2,324	1,399	816
EBITDA	**10,039**	3,555	5,263	1,221

Three months ended March 31, 2015

EBITDA ($ thousands) Three months ended March 31, 2015	**Total**	**Agricultural**	**Transportation**	**Commercial & Industrial**
Net profit (loss)	**(2,896)**	(118)	(2,338)	(440)
Add:				
Interest	**2,835**	1,501	886	448
Income taxes	**(422)**	(27)	(332)	(63)
Depreciation and Amortization	**4,611**	2,219	1,410	982
EBITDA	**4,128**	3,575	(374)	927

EBITDA is defined as profit before interest, taxes, depreciation, and amortization. We believe, in addition to profit, EBITDA is a useful supplemental profit measure as it provides an indication of the financial results generated by our principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and before non-cash amortization expense.

EBITDA Margin

EBITDA margin is calculated as EBITDA divided by gross revenue.

Same Store

Same store illustrates the current period results for stores that were included in the comparable period for the prior year. Excluded from same store are the incremental results for newly acquired stores for the period they were not owned in the prior year, including any current year acquisition related costs and amortization of intangibles.

Price Earnings Ratio

Price earnings ratio is calculated by dividing the Company's market capitalization by its total annual profit.

Working Capital

Working capital is calculated as current assets less current liabilities. Working capital ratio is calculated as current assets divided by current liabilities.

Market Capitalization

Market capitalization is calculated as current common shares outstanding at a particular time multiplied by the market value of those respective shares at that time.

Net Book Value Per Share – Diluted

Net book value per share – diluted is calculated as shareholders' equity divided by the weighted average number of shares outstanding on a diluted basis.