ENTERPRISE
GROUP, INC.

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Enterprise Group, Inc.

The management of Enterprise Group, Inc. prepared these consolidated financial statements and is responsible for their reliability, completeness and integrity. They conform in all material aspects to International Financial Reporting Standards.

Management maintains the necessary accounting and internal control systems to ensure: the timely production of reliable and accurate accounting information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Board of Directors oversees management's responsibilities for the financial reporting and internal control systems.

The auditors, who are recommended to the Shareholders by the Audit Committee and appointed by the Shareholders, conducted an audit of these consolidated financial statements in accordance with Canadian auditing standards. The Audit Committee reviewed these financial statements with the auditors in detail before recommending their approval.

St. Albert, Alberta
March 10, 2021

(Signed) "Leonard D. Jaroszuk"
Leonard Jaroszuk, President, Chief Executive Officer

Independent Auditor's Report

Grant Thornton LLP
1701 Scotia Place 2
10060 Jasper Avenue NW
Edmonton, AB
T5J 3R8

T +1 780 422 7114
F +1 780 426 3208

To the Shareholders of
Enterprise Group, Inc.

Opinion

We have audited the consolidated financial statements of Enterprise Group, Inc. (the "Company), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of property, plant and equipment

Refer to Note 2 and 5 to the consolidated financial statements.

The carrying value of the Company's property, plant and equipment amount to $44,015,112 at December 31, 2020. The valuation of property, plant and equipment was identified as a key audit matter due to the significance of the balance to the consolidated financial statements, as well as the significance of management's judgements and estimates in determining its valuation. The impairment assessment involves significant estimations regarding the fair value less cost of disposal of individual assets at December 31, 2020. The assessment of residual values involves significant estimations regarding the fair value less cost of disposal of individual assets at the end of the estimated useful life. Determination of the fair value less cost of disposal is based on current estimated market values as well as the age and condition of the assets.

As indicated in Note 5, impairment of $743,843 has been recognized for the year ending December 31, 2020. In addition, an additional $677,874 of depreciation expense was recognized in the current year as a result of changes in estimated residual values.

How the matter was addressed in our audit

Our audit included the following procedures:

- We reviewed management's assessment of indicators of impairment at December 31, 2020 based on our knowledge of the business and industry;
- We assessed the qualifications and objectivity of the independent third party appraiser utilized by the Company to complete the valuation of the property, plant and equipment;
- We tested whether the significant inputs and assumptions used in the valuation were reasonable by comparing to recent asset disposals completed by the Company; and
- We performed a sensitivity analysis on management's estimation of residual values.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Heather Murk.

Edmonton, Canada

Grant Thornton LLP

March 10, 2021

Chartered Professional Accountants

As at December 31		**2020**		2019
Assets				
Cash and cash equivalents (note 3)	**$**	**783,617**	$	969,051
Trade and other receivables (note 3)		**3,944,592**		5,290,872
Unbilled revenue		**229,603**		420,391
Inventories (note 4)		**211,856**		196,572
Deposits and prepaid expenses		**160,806**		182,540
		5,330,474		7,059,426
Property, plant and equipment (note 5)		**44,015,112**		48,299,173
Goodwill (note 6)		**351,910**		-
Intangible assets (note 6)		**261,640**		93,860
Deferred tax assets (note 7)		**2,292,026**		2,838,249
		46,920,688		51,231,282
Total assets	**$**	**52,251,162**	$	58,290,708
Liabilities				
Trade and other payables (note 3)	**$**	**1,258,833**	$	1,799,106
Income taxes payable		**-**		116,227
Current portion of loans and borrowings (note 8)		**1,322,637**		10,123,063
		2,581,470		12,038,396
Long term portion of loans and borrowings (note 8)				
Bank loan facility		**8,861,872**		-
Leases		**806,835**		786,967
Mortgages		**2,295,353**		2,362,856
Vendor take-back loans		**272,627**		-
Term loan facilities		**134,251**		-
Deferred tax liabilities (note 7)		**2,292,026**		2,838,249
Total liabilities		**17,244,434**		18,026,468
Equity				
Share capital (note 9)		**70,990,991**		73,213,572
Contributed surplus		**14,768,508**		12,769,729
Deficit		**(50,752,771)**		(45,719,061)
Total equity		**35,006,728**		40,264,240
Total equity and liabilities	**$**	**52,251,162**	$	58,290,708

Approved on behalf of the Board:

(Signed) "Leonard D. Jaroszuk" Leonard D. Jaroszuk Director

(Signed) "John Pinsent" John Pinsent, FCPA, FCA, ICD.D. Director

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

Consolidated Statements of Loss and Comprehensive Loss

Year ended December 31,	2020	2019
Revenue	**$ 15,520,105**	$ 19,521,797
Direct expenses	**(10,325,467)**	(14,476,827)
Gross margin	**5,194,638**	5,044,970
General and administrative expenses	**(1,418,545)**	(2,165,287)
Depreciation of property, plant and equipment (note 5)	**(6,023,927)**	(5,763,024)
Share-based payments	**(11,613)**	(399,954)
Amortization of intangible assets	**(94,371)**	(83,678)
Acquisition costs	**(72,285)**	-
Loss on sale of property, plant and equipment	**(558,927)**	(859,730)
Loss before financing and taxes	**(2,985,030)**	(4,226,703)
Finance expense	**(998,309)**	(890,138)
Impairment of property, plant and equipment	**(743,843)**	-
Loss before income tax	**(4,727,182)**	(5,116,841)
Income tax recovery (note 7)	**282,463**	81,136
Net loss from continuing operations	**(4,444,719)**	(5,035,705)
Loss from discontinued operations, net of tax (note 14)	**(588,990)**	-
Net loss and comprehensive loss	**$ (5,033,709)**	$ (5,035,705)
Loss per share (note 11)		
Basic and diluted loss per share	**$ (0.10)**	$ (0.09)

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

Year ended December 31,		2020		2019
Cash flows from operating activities:				
Net loss	**$**	**(5,033,709)**	$	(5,035,705)
Adjustments for:				
Depreciation of property, plant and equipment		**6,023,927**		5,763,024
Amortization of intangible assets		**94,371**		83,678
Loss on sale of property, plant and equipment		**528,238**		859,730
Share-based payments		**11,613**		399,954
CEBA loan forgiveness		**(30,000)**		-
Impairment of property, plant and equipment		**743,843**		-
Deferred income tax recovery		**(279,503)**		-
Finance expense		**998,309**		890,138
Change in non-cash working capital (note 13)		**926,641**		648,752
Net cash provided by operating activities		**3,983,730**		3,609,571
Cash flows from financing activities:				
Net (repayment) proceeds from bank loan facility		**(543,738)**		2,173,108
Proceeds from mortgage facilities		**120,000**		1,563,090
Interest and borrowing costs paid on loans and borrowings		**(1,020,871)**		(883,260)
Repayment of lease liabilities		**(1,053,215)**		(1,102,907)
Repayment of mortgage facilities		**(143,810)**		(92,504)
Repayment of term loans		**(38,004)**		-
Share buyback and cancellation		**(235,415)**		(720,529)
Net cash (used in) provided by financing activities		**(2,915,053)**		936,998
Cash flows from investing activities:				
Purchase of intangible assets		**-**		(35,887)
Purchase of property, plant and equipment		**(1,412,168)**		(5,444,598)
Cash paid for net assets acquired from share purchase		**(1,100,000)**		-
Proceeds on sale of property, plant and equipment		**1,258,057**		1,033,055
Net cash used in investing activities		**(1,254,111)**		(4,447,430)
Change in cash and cash equivalents		**(185,434)**		99,139
Cash and cash equivalents, beginning of year		**969,051**		869,912
Cash and cash equivalents, end of year	**$**	**783,617**	$	969,051

	Number of common shares	Share capital	Contributed surplus	Deficit	Total
Balance as at December 31, 2018	55,147,374	$79,204,845	$7,099,031	$(40,683,356)	$45,620,520
Common shares repurchased and cancelled (note 9)	(4,171,500)	(5,991,273)	5,270,744	-	(720,529)
Share-based payments	-	-	399,954	-	399,954
Net loss	-	-	-	(5,035,705)	(5,035,705)
Balance as at December 31, 2019	50,975,874	$73,213,572	$12,769,729	$(45,719,061)	$40,264,240
Common shares repurchased and cancelled (note 9)	(1,547,500)	(2,222,581)	1,987,166	-	(235,415)
Share-based payments	-	-	11,613	-	11,613
Net loss	-	-	-	(5,033,709)	(5,033,709)
Balance as at December 31, 2020	**49,428,374**	**$70,990,991**	**$14,768,508**	**$(50,752,771)**	**$35,006,728**

1. Reporting entity

Enterprise Group, Inc. (“Enterprise” or the “Company”) is a public company incorporated under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange under the symbol “E”. Enterprise is a consolidator of businesses providing services to the utility, energy and construction industries. The Company has a fleet of trucks and heavy equipment to provide rental services for heavy equipment, flameless heating units and oilfield site service infrastructure throughout Western Canada. Enterprise’s head office is located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

The consolidated financial statements of the Company as at December 31, 2020, and December 31, 2019, are comprised of the Company and its wholly owned subsidiaries. The consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2021.

2. Significant accounting policies

Statement of compliance

The Company prepares its financial statements in accordance with *International Financial Reporting Standards (IFRS)* as issued by the *International Accounting Standards Board (IASB)*.

Basis of presentation

The financial statements have been prepared on the historical cost basis.

Basis of consolidation

Included in these consolidated financial statements are the financial statements of Enterprise Group, Inc. and its wholly-owned subsidiaries: E One Limited, 1943749 AB Ltd. (formerly T.C. Backhoe & Directional Drilling Ltd.), Artic Therm International Ltd., Calgary Tunnelling & Horizontal Augering Ltd., 1940682 AB Ltd. (formerly Enterprise Trenchless Crossings Ltd.), Hart Oilfield Rentals Ltd., Westar Oilfield Rentals, Inc., and Johnston Power Sourcing, Inc. (acquired October 1, 2020; amalgamated with Westar Oilfield Rentals, Inc. on January 1, 2021). The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All subsidiaries have the same reporting periods as the Company. All significant inter-entity balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in full.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains or losses from the settlement of such transactions at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss and comprehensive loss.

New accounting standards

A new and revised standard is effective for periods beginning on or after January 1, 2020. Information on this standard is presented below:

Amendments to IFRS 3 - Definition of a business

An amendment to IFRS 3 redefined what constitutes a business under a business combination. Under the previous guidance, the key elements of an acquired business must include inputs, processes, and outputs. Under the new guidance, outputs are not a strict requirement for a set of activities to qualify as a business.

In addition, the analysis of the set of activities must be solely considered from the perspective of a market participant. The strategic objectives or business rationale behind an acquisition cannot be considered in determining if the set of activities constitute a business. The isolated inputs and processes of the acquiree must be considered in isolation from any of the acquirer’s resources that upon integration could fill the missing elements and create a set of activities that met the definition of a business.

The new guidance also included a narrowed definition of outputs and an optional concentration test to assess whether the acquired set of activities constitutes a business.

Critical accounting judgments in applying accounting policies

The following are significant management judgments, apart from those involving estimation uncertainty, in applying the accounting policies of the Company that have the most significant effect on the financial statements:

i. Economic conditions
Due to the uncertainty of the economic climate created by the COVID-19 pandemic, the Company revised some of its estimates, assumptions, and significant judgment areas used in preparing the consolidated financial statements for the year ended December 31, 2020. The main estimates revised related to the determination of indication of impairment on assets, cash generating units (CGUs) or groups of CGUs. Revised assumptions were used in establishing the recoverable amounts of assets where an impairment test was performed. The pandemic was also a factor in the assessment of the credit risk on trade receivables. The future is uncertain regarding the pandemic and its impact on the Company's results of operations and financial position. As such, additional revisions could have an impact on the final measurement of the carrying amount of the Company's assets in the future.

ii. Leases
Any contracts which contain the right to use an asset for a period in time in exchange for consideration can contain a lease. Contracts must meet three criteria as follows:
- an identified asset explicitly within the contract or implicitly upon delivery,
- the Company has the right to obtain all the economic benefits through the period of use as defined by the contract, and
- the Company has the right to use the identified asset through the period of use and direct 'how and for what purpose' the asset is used through the period of use.

iii. Deferred taxes
Management estimates the probability of future taxable income in which deferred tax assets can be utilized based on the Company’s forecasted budget. The Company also takes into consideration non-taxable income and expenses and the various tax rules in effect or expected to be in effect at a future date. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, then the asset is recognized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed by management based on specific circumstances.

Estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts included in the financial statements included, but were not limited to, the following:

i. Property, plant and equipment and intangible assets
The Company estimates useful life, residual value and depreciation methods based on industry norms, historical experience, market conditions and future cash flows. In determining estimated residual value, adjustments may be required by the Company to reflect differences between the specific assets carried by the Company and the similar assets used to indicate the fair value less costs of disposal, creating a degree of uncertainty. It is possible that future results could be materially affected by changes in the above factors.

ii. Impairments
An asset or cash generating unit ("CGU") is impaired when its carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. Adjustments may be required by the Company to reflect differences between the value of specific assets carried by the Company and the similar assets used to indicate the fair value less costs of disposal, creating a degree of uncertainty. The value in use calculation is based on a discounted cash flow model, which incorporates the Company’s budget and business plan. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. To arrive at cash flow projections the Company uses estimates of economic and market information over the projection period, including growth rates in revenues, estimates of future expected changes in operating margins, cash expenditures, the amount of property, plant and equipment required to achieve the cashflow projections, other future estimates of capital expenditures and changes in future working capital requirements.

iii. Impairment of financial assets

At the end of each reporting period, management monitors the expected credit loss against the net financial assets carried on the statement of financial position to assess credit risk and expected credit losses. Past events, current conditions and reasonable supportable forecasts are considered to identify and determine the extent of impairment, if any.

iv. Income tax

The Company follows the asset/liability method for calculating deferred taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

v. Share-based payments

The Company estimates the fair value of stock option awards and warrants using the Black-Scholes Option Pricing Model. Certain key assumptions used in the model include the expected interest rate, expected volatility, forfeitures, dividend yield and expected term.

vi. Business combinations

In a business combination, the Company may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property, plant and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of property, plant and equipment, intangible assets and goodwill acquired, the Company may rely on independent third party valuators. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, discount rates, and earnings multiples.

vii. Leases

When the Company enters into lease contracts the lease rate and term may not be readily determinable. Rates with landlords are often not explicit in the contract. As such, the Company uses its incremental borrowing rate to discount the cash flows related to the lease and determine the fair value. Optional terms to extend or terminate a lease may be contractually defined. Management estimates what the impact the option will have on the term of the lease and adjusts the carrying value of the lease accordingly.

Financial instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

i. Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. The Company's financial assets include cash and cash equivalents and trade and other receivables. The contractual terms of these noted instruments result in cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are initially recognized at fair value adjusted for applicable transactions costs. Any income or expenses related to financial assets, including impairment of trade receivables, is recognized in other income (expenses) through profit and loss.

Financial assets are subsequently measured at amortized cost using the effective interest method. Financial assets are derecognized when the contractual right to hold and collect future cash flows expires or substantially all risks and rewards have been transferred. Discounting of the future cash flows will be included if the impact is material.

ii. Financial liabilities

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. The Company's financial liabilities include loans and borrowings and trade and other payables.

Financial liabilities are initially recognized at fair value adjusted for applicable transactions costs. Interest-related charges and changes in an instrument's fair value due to contract modifications are reported through profit or loss.

The financial liabilities are subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when the contracted consideration and risks have been transferred, or if the future obligation expires, is extinguished, or is cancelled.

In the event of a modification that does not result in derecognition, a modification adjustment is recognized through profit or loss. The adjustment is calculated as the change between the original contractual cash flows and the present value of the modified cash flows at the original contracted effective interest rate. Management will monitor debt instruments for significant events that affect future cash flows. Events that could lead to a modification may include amendments, large debt repayments, or large draws on a debt instrument.

Financial instruments are classified into one of the following levels of fair value hierarchy:

Level 1 - Fair value measurements based on unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - Fair value measurements derived from valuation techniques that include unobservable inputs.

Impairment

Financial assets

The Company holds financial assets to hold and collect the associated cash flows. The Company uses the simplified approach for trade and other receivables and records the loss allowance as lifetime expected credit losses. Historical bad debt experience, current conditions, and supportable forecasts are used to assess credit risk and measure expected credit losses over the life of the instrument. At each reporting period, the current credit loss recorded on the financial statements is assessed against the expected credit loss model to determine the impairment adjustment required. The Company assesses impairment of trade receivables on a collective basis as these possess shared credit risk characteristics and have been grouped based on days past due.

Non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

For the purposes of assessing impairment, assets are grouped into CGUs. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. CGUs are the smallest identifiable group of assets that generate cash flows that are independent of the cash flows of other groups of assets. The determination of CGUs was based on management's judgments in regard to the geographic location of operating divisions, product groups and shared infrastructure.

Cash and cash equivalents

Cash and cash equivalents include balances with Canadian Chartered Banks and short-term investments with original maturities of three months or less.

Inventories

Inventories of parts and supplies are measured at the lower of cost and net realizable value. The cost of inventories is measured on a first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost consists of the purchase price, plus costs directly attributable to putting the asset in use and where applicable, an estimate of the costs of removing the item and site restoration.

Depreciation is calculated over the depreciable amount, which is the cost of asset less its residual value. Depreciation is not calculated for assets under construction until work is completed and the assets are available for use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	- 25 years
Small equipment	- 5 years
Light automotive equipment	- 5 years
Computers and communication equipment	- 4 years
Heavy automotive, construction, and portable rental equipment	- 7 - 10 years
Leasehold improvements	- Straight-line over term of lease
Right-of-use assets	- Straight-line over term of lease

The useful lives, depreciation methods and residual values are reviewed at each reporting date for consistency with the expected pattern of economic benefits from the assets.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the consideration transferred, measured at the acquisition date in addition to the fair value of any non-controlling interest in the acquired entity. All acquisition costs are expensed as incurred. Any contingent consideration expected to be paid will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured; other contingent consideration is remeasured at fair value with changes in fair value recognized in profit or loss. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Company's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a gain for the period. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assigned to the Company's CGUs that are expected to benefit from the combination, irrespective of whether the assets and liabilities of the acquired are assigned to that (those) CGU(s). If a business unit is disposed of, goodwill disposed of is measured based on the relative values of the operation disposed of and the portion of the CGU retained. Goodwill is tested for impairment annually or more frequently when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU (including the carrying value of the allocated goodwill) is less than the carrying value, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Customer relationships are recorded at cost and amortized on a straight line basis over their estimated life of five years. Software is recorded at cost and amortized on a straight line basis over their estimated life of three years.

Leases

The Company leases various properties, vehicles, and equipment. Lease contracts are typically between one and five years with some contacts having renewal options, options to extend, or options to purchase. The Company typically does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions. The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability in its consolidated statement of financial position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of its useful life or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate. The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The lease liability is reassessed when there is a change in the lease payments. Revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Discontinued operations

Discontinued operations are reported when a component of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is classified as held for disposal or has been disposed of, if the component either (1) represents a separate major line of business or geographical area of operations or (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or (3) is a subsidiary acquired exclusively with a view to resale. In the Consolidated Statements of Loss and Comprehensive Loss, net income or loss from discontinued operations are reported separately from income and expenses from continuing operations; prior periods are presented on a comparable basis.

Share-based payments

The fair value of stock options and warrants are measured at the grant date using the Black-Scholes Option Pricing Model, and recognized over the vesting period. The fair value is included in the statement of loss and comprehensive loss, with a corresponding increase in contributed surplus. A forfeiture rate is estimated and is adjusted to reflect the actual number of options and warrants that vest. Consideration received on the exercise of stock options and warrants is credited to share capital and previously recorded compensation expense is transferred from contributed surplus to share capital to fully reflect the value of shares issued.

Revenue recognition

Revenue is measured based on the consideration received from a contract with a customer. Revenue from rental contracts is recognized over time when the performance obligations in the contract have been transferred to the customer and collectibility is reasonably assured. Revenue from rental contracts is measured at fair value net of trade discounts. The unbilled portion for work completed at the end of a reporting period are recorded as unbilled revenues using the pre-determined price or rate for that service.

Finance income and expense

Finance income is earned at the effective interest rate. Finance expense includes interest, loan transaction costs, and adjustments on loan modifications.

Income tax

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to the tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

Earnings (loss) per share

Basic earnings or loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees, share purchase warrants and convertible debentures.

Government assistance

Government assistance is recognized when there is reasonable assurance that the Company will comply with the requirements of the approved grant or subsidy program and the Company is reasonably certain that the government assistance will be received. Government assistance related to expenses, including salary grants, is recorded as a reduction of the corresponding direct expenses and general and administrative expenses.

Accounting standards issued but not yet applied

New standards, amendments, and interpretations issued but not adopted in the current year have not been disclosed as they are not expected to have a material impact on the consolidated financial statements.

3. Financial instruments and risk management

(a) Pandemics and health risks

The Company is exposed to risks relating to public health emergencies and infectious diseases, including the COVID-19 pandemic, and related government responses, which has had a negative impact on global financial conditions and could have a material and adverse effect on the Company's business, financial condition and results of operations. The Company cannot accurately predict the impact COVID-19 will have on its ability to execute its business plans in response to government public health efforts to contain COVID-19 and to obtain financing or third parties' ability to meet their contractual obligations with the Company. To mitigate these risks, the Company has utilized certain Canadian Government assistance programs designed to assist businesses during COVID-19 including the Canadian Emergency Wage Subsidy program, the Canadian Emergency Rent Subsidy program and the Canadian Emergency Business Account program. In the event that the prevalence of COVID-19 continues to increase (or fears in respect of COVID-19 continue to increase), governments may increase regulations and restrictions regarding the flow of labour, products and travel bans which could impact the Company's ability to carry out its ongoing business plan.

(b) Fair value of financial instruments

The carrying value of trade and other receivables, deposits and trade and other payables approximate fair value because of the near term to maturity of these instruments. The fair value of loans and borrowings is a level 2 measurement and are based on discounted future cash flows using the rates that reflect observable current market rates for similar instruments with similar terms and conditions. The estimated fair value approximates the carrying value at December 31, 2020.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

		2020		2019
Financial assets				
Cash and cash equivalents	**$**	**783,617**	$	969,051
Trade and other receivables	**$**	**3,944,592**	$	5,290,872
Deposits	**$**	**78,388**	$	72,554
Financial liabilities				
Trade and other payables	**$**	**1,258,833**	$	1,799,106
Loans and borrowings	**$**	**13,693,575**	$	13,272,886

Financial risk management

The Company's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Board of Directors oversees management's establishment and execution of the Company's risk management framework.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the oil and gas industry, as well as customers in the utilities/infrastructure construction industry. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Company monitors trade receivables against an expected credit loss model to assess reasonability of impairment over accounts receivable. Individual invoices within trade receivables are written off when there is no reasonable expectation of collecting payment. The Company has recorded a provision for doubtful accounts at December 31, 2020, of $16,025 (December 31, 2019 - $43,569).

At December 31, 2020, $866,000 or 22% of trade receivables was from two customers compared to $1,225,000 or 23% from two customers as at December 31, 2019. As at December 31, 2020 an accrual of $629,720 and $150,316 is included in total receivables for the Canadian Emergency Wage Subsidy program and for the Canadian Emergency Rent Subsidy program respectively. The subsidies are accrued when the Company is reasonably assured the grant conditions are met and recorded to offset the related salary and wage expenses.

		2020		2019
Current (less than 90 days)	**$**	**3,589,869**	$	4,502,472
Past due (more than 90 days)		**354,723**		788,400
Total	**$**	**3,944,592**	$	5,290,872

On March 22, 2018, Enterprise Group, Inc., closed a transaction to divest substantially all of the assets of Calgary Tunnelling & Horizontal Augering Ltd. (CTHA). Gross proceeds, including working capital, from the transaction was $20,194,992. The remaining net working capital receivable included in trade and other receivables at December 31, 2020, is $162,928 (2019 - $971,011). During the year, the Company collected $219,093 and wrote off bad debt from discontinued operations in the amount of $588,990. The Company has agreements in place for the collection of the remaining $162,928 of outstanding net working capital.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. For the year ended December 31, 2020, the Company generated 28% of revenue from two customers (2019 - 24% from two customers). No other customers comprise more than 10% of revenues.

The outbreak of COVID-19 pandemic has negatively impacted economic conditions around the world. The decrease in oil demand, combined with other macro-economic factors, has resulted in significantly lower oil and liquids prices further driving economic uncertainty. Natural gas prices have also been volatile but in recent months the forward pricing curve has been strengthening. The Company's site infrastructure customers are substantially all natural gas and liquid producers.

During this period of uncertainty, the Company is committed to maintain its strong balance sheet and financial liquidity. The Company believes it has enough liquidity through cash flow and borrowing capacity on its credit facility to execute its business plan. The Company's priority is to continue to spend sufficient maintenance capital to keep its equipment fleet modern and meet specific customer demands.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at December 31, 2020, and December 31, 2019:

December 31, 2020	**Carrying amount**	**Contractual cash flows**	**Due within one year**	**Two-five years**	**More than five years**
Trade and other payables	$ 1,258,833	$ 1,258,833	$ 1,258,833	$ -	$ -
Loans and borrowings	13,693,575	15,850,435	1,504,545	12,280,105	2,065,785
	$ 14,952,408	**$ 17,109,268**	**$ 2,763,378**	**$ 12,280,105**	**$ 2,065,785**

December 31, 2019	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	$ 1,799,106	$ 1,799,106	$ 1,799,106	$ -	$ -
Loans and borrowings	13,272,886	16,185,401	10,949,514	2,570,385	2,665,502
	$ 15,071,992	$ 17,984,507	$ 12,748,620	$ 2,570,385	$ 2,665,502

(e) Market risk

Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company's income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at December 31, 2020, to impact the Company's annual interest expense by approximately $113,000 (December 31, 2019 - $120,000). The Company has not entered into any derivative agreements to mitigate this risk.

Capital management

The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to the risk of the underlying assets and makes adjustments in light of changes in economic conditions and risks. The Company's strategy remains unchanged from prior periods. Management considers its capital structure to include funded debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, and deficit). Included in funded debt is the bank loan facility which requires the Company to maintain certain financial covenants as defined below. The Company's objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt. As at December 31, 2020, the Company has met these objectives.

		2020		2019
Bank loan facility	**$**	**8,861,872**	$	-
Current portion of loans and borrowings		**1,322,637**		10,123,063
Long term loans and borrowings		**3,509,066**		3,149,823
Net funded debt		**13,693,575**		13,272,886
Shareholders' equity		**35,006,728**		40,264,240
Total capital	**$**	**48,700,303**	$	53,537,126

During the year ended December 31, 2020, the Company extended the bank loan facility with an initial term term of one year and the right to extend for a second year to September 7, 2022.

Included in net funded debt is the bank loan facility which requires the Company to maintain certain financial covenants.

"Fixed Charge Coverage Ratio" - EBITDA less unfinanced capital expenditures, less taxes paid divided by fixed charges.

"Senior Leverage Ratio" - the result of the amount of Senior Funded Debt of the Company and its subsidiaries on a consolidated basis, to the trailing twelve month EBITDA for the 12 month period ended as of such date.

The Company's covenants are as follows:

	December 31, 2020	**Required**	December 31, 2019	Required
Fixed charge coverage ratio	**2.20**	> 1.25	2.33	> 1.25
Senior leverage ratio	**3.53**	< 4.00	5.08	< 6.25
Annual net capital expenditure	**$393,001**	< $1,750,000	Waived	< $1,125,000

The minimum covenants are noted in the table above. The Company monitors these requirements on an ongoing basis and reports on its compliance to its lender on a monthly basis. As at December 31, 2020, the Company is in compliance with all covenants.

4. Inventories

Year ended December 31,		**2020**		2019
Inventory, parts and supplies	**$**	**211,856**	$	196,572

Inventory, parts and supplies expensed in direct expenses during the year ended December 31, 2020, were $510,672 (2019 - $616,202).

5. Property, plant and equipment

Cost	Balance at December 31, 2019	Additions	Disposals	Reclassified	Impairment	Balance at December 31, 2020
Land	$ 4,679,210	$ -	$ -	$ -	$ -	**$ 4,679,210**
Buildings	1,492,993	-	-	14,500	-	**1,507,493**
Leasehold improvements	245,120	-	(6,194)	-	-	**238,926**
Computers and communication equipment	390,414	6,539	(14,817)	-	-	**382,136**
Small equipment	876,560	93,608	(299,242)	1,894	-	**672,820**
Light automotive equipment	1,709,665	32,000	(728,336)	-	(2,800)	**1,010,529**
Heavy automotive, construction and portable rental equipment	65,697,828	2,645,342	(3,609,419)	275,010	(741,043)	**64,267,718**
Right-of-use assets	1,879,271	1,222,633	(693,656)	-	-	**2,408,248**
Property, plant and equipment under construction	568,523	269,179	(5,103)	(291,404)	-	**541,195**
	$ 77,539,584	**$ 4,269,301**	**$ (5,356,767)**	**$ -**	**$ (743,843)**	**$ 75,708,275**

	Accumulated depreciation					Carrying amounts	
	Balance at December 31, 2019	Depreciation for the year	Disposals	Reclass	Balance at December 31, 2020	Balance at December 31, 2019	Balance at December 31, 2020
Land	$ -	$ -	$ -	$ -	**$ -**	$ 4,679,210	**$ 4,679,210**
Buildings	41,306	21,458	-	8,960	**71,724**	1,451,687	**1,435,769**
Leasehold improvements	207,562	8,951	(6,194)	-	**210,319**	37,558	**28,607**
Computers and communication equipment	382,799	3,762	(14,817)	-	**371,744**	7,615	**10,392**
Small equipment	725,043	18,068	(298,469)	650	**445,292**	151,517	**227,528**
Light automotive equipment	1,082,862	78,694	(468,181)	-	**693,375**	626,803	**317,154**
Heavy automotive, construction and portable rental equipment	26,011,905	5,360,796	(2,237,487)	(9,610)	**29,125,604**	39,685,923	**35,142,114**
Right-of-use assets	788,934	532,198	(546,027)	-	**775,105**	1,090,337	**1,633,143**
Property, plant and equipment under construction	-	-	-	-	**-**	568,523	**541,195**
	$ 29,240,411	**$ 6,023,927**	**$ (3,571,175)**	**$ -**	**$ 31,693,163**	**$ 48,299,173**	**$ 44,015,112**

During the year ended December 31, 2020, the Company made changes to the estimated residual value of certain assets. As a result of these changes, the Company incurred additional depreciation expense of $667,874 in heavy automotive, construction and portable rental equipment.

Cost	Balance at December 31, 2018	Transition additions	Additions	Disposals	Reclass	Balance at December 31, 2019
Land	$ 4,284,210	$ -	$ 395,000	$ -	$ -	$ 4,679,210
Buildings	287,993	-	1,205,000	-	-	1,492,993
Leasehold improvements	241,889	-	3,231	-	-	245,120
Computers and communication equipment	382,714	-	7,700	-	-	390,414
Small equipment	1,852,955	-	11,989	(988,384)	-	876,560
Light automotive equipment	2,927,892	-	10,557	(1,228,784)	-	1,709,665
Heavy automotive, construction and portable rental equipment	65,022,364	-	3,490,048	(3,423,146)	608,562	65,697,828
Right-of-use assets	-	1,242,004	637,267	-	-	1,879,271
Property, plant and equipment under construction	871,334	-	329,435	(15,383)	(616,863)	568,523
	$ 75,871,351	$ 1,242,004	$ 6,090,227	$ (5,655,697)	$ (8,301)	$ 77,539,584

	Accumulated depreciation				Carrying amount	
	Balance at December 31, 2018	**Depreciation for the year**	**Disposals**	**Balance at December 31, 2019**	**Balance at December 31, 2018**	**Balance at December 31, 2019**
Land	$ -	$ -	$ -	$ -	$ 4,284,210	$ 4,679,210
Buildings	31,378	9,928	-	41,306	256,615	1,451,687
Leasehold improvements	182,754	24,808	-	207,562	59,135	37,558
Computers and communication equipment	364,162	18,637	-	382,799	18,552	7,615
Small equipment	1,685,392	28,035	(988,384)	725,043	167,563	151,517
Light automotive equipment	1,876,645	179,704	(973,487)	1,082,862	1,051,247	626,803
Heavy automotive, construction and portable rental equipment	23,099,904	4,712,978	(1,800,977)	26,011,905	41,922,460	39,685,923
Right-of-use assets	-	788,934	-	788,934	-	1,090,337
Property, plant and equipment under construction	-	-	-	-	871,334	568,523
	$ 27,240,235	$ 5,763,024	$ (3,762,848)	$ 29,240,411	$ 48,631,116	$ 48,299,173

On October 1, 2020, Westar acquired additional natural gas power generation assets by way of a share purchase, acquiring 100% of common shares outstanding for total consideration of $1,100,000 and vendor take-back loans with a face value of $600,000. The cost of the purchase has been allocated to the net identifiable assets based on their estimated fair values at the date of acquisition as follows:

- Property, plant and equipment - $1,739,640
- Goodwill - $351,910
- Customer relationship - $260,000
- Lease liabilities - $86,120
- Term loans - $295,331
- Deferred tax liability (net) - $279,503
- Canadian Emergency Business Account loan - $30,000

The acquired plant and equipment of $1,739,640 includes $32,000 in light automotive equipment, $1,621,520 which is included in additions to heavy automotive, construction and portable rental equipment and $86,120 which is included in right of use assets.

Included in the carrying amount of $44,015,112 is $540,006 (2019 - $567,334) of heavy automotive, construction and portable rental equipment under construction and $1,189 (2019 - $1,189) of computers and equipment, which is not being depreciated as they are not yet available for use.

The carrying amounts of right-of-use assets as at December 31, 2020, were as follows:

Right-of-use assets	**December 31, 2020**	December 31, 2019,
Buildings and premises	**$ 1,038,344**	$ 561,362
Small equipment	**20,419**	26,927
Light automotive equipment	**574,380**	502,048
	$ 1,633,143	$ 1,090,337

For the year ended December 31, 2020, rent expense for short-term leases and leases of low-value assets was $434,554 (2019 - $608,087). At December 31, 2020, the Company was committed to short term leases and the total commitment at that date was $558,301 (2019 - $115,954).

Oil prices saw a severe decline in 2020 due to depressed demand from the COVID-19 pandemic. This triggered a decline in activity within the energy industry including numerous project delays for the Company's customers. As such, the Company has recognized an impairment of $743,843 in its property, plant and equipment at December 31, 2020.

The Company performed its annual impairment test as described in the accounting policies note. Indicators of impairment were identified on individual assets upon review of the annual capital asset appraisal. The Company's policy is to impair assets to their fair value less cost of disposal when impairment is identified. Using the sales comparison approach, the Company compared asset values on third party appraisals and other unobservable inputs (level 3 of the fair value hierarchy) to the carrying values of assets to determine impairment charges.

The impairment of property, plant and equipment, and any eventual reversal thereof, is recognized in profit or loss.

6. Goodwill and intangible assets

Cost	Balance at December 31, 2019	Additions	Balance at December 31, 2020	Accumulated amortization: Balance at December 31, 2019	Accumulated amortization: Amortization for the year	Accumulated amortization: Balance at December 31, 2020	Carrying amounts: Balance at December 31, 2019	Carrying amounts: Balance at December 31, 2020
Software	$ 257,602	$ 2,151	**$ 259,753**	$ 163,742	$ 81,371	**$ 245,113**	$ 93,860	**$ 14,640**
Customer relationships	-	260,000	**260,000**	-	13,000	**13,000**	-	**247,000**
	$ 257,602	**$ 262,151**	**$ 519,753**	**$ 163,742**	**$ 94,371**	**$ 258,113**	**$ 93,860**	**$ 261,640**

	Balance at December 31, 2018	Additions	Balance at December 31, 2019	Accumulated amortization: Balance at December 31, 2018	Accumulated amortization: Amortization for the year	Accumulated amortization: Balance at December 31, 2019	Carrying amounts: Balance at December 31, 2018	Carrying amounts: Balance at December 31, 2019
Software	$ 221,715	$ 35,887	$ 257,602	$ 80,064	$ 83,678	$ 163,742	$ 141,651	$ 93,860
	$ 221,715	$ 35,887	$ 257,602	$ 80,064	$ 83,678	$ 163,742	$ 141,651	$ 93,860

Included in the acquisition on October 1, 2020 referred to in note 5, the Company acquired $351,910 of goodwill by way of the share purchase. Of the goodwill acquired, $279,503 is from deferred tax attributes relating to differences between the fair value of net assets acquired and their respective tax bases.

At December 31, 2020, the Company performed its annual goodwill impairment test in accordance with its policy as described in the accounting policies note. Based on the results of the test, there were no changes to the assumptions and estimates for the CGU since the date of acquisition. As a result, $nil impairment was recorded. There were no indicators of impairment with respect to intangible assets as at December 31, 2020.

7. Income tax

(a) Components of income tax expense are:

Year ended December 31,	**2020**	2019
Current tax expense	**$ -**	$ 116,226
Book to file adjustments	**(2,962)**	(197,362)
Current tax expense (recovery)	**(2,962)**	(81,136)
Deferred tax (recovery)		
Origination and reversal of temporary differences	**(1,168,939)**	(1,458,580)
Change in tax rates and rate differences	**63,089**	328,679
Change in unrecognized temporary differences	**826,349**	1,129,901
Deferred tax expense	**(279,501)**	-
Income tax recovery from continuing operations	**$ (282,463)**	$ (81,136)

The current year tax expense on continuing operations excludes the tax recovery $nil (2019 - $nil) related to the loss from discontinued operations. These amounts are included in the loss from discontinued operations, net of tax (see note 14).

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

Year ended December 31,		**2020**		2019
Income before tax from continuing operations	**$**	**(4,727,182)**	$	(5,116,841)
Statutory income tax rate		**24.84 %**		26.46 %
Expected income tax recovery		**(1,174,056)**		(1,353,879)
Non-deductible items		**5,117**		11,526
Change in unrecognized temporary differences		**826,349**		1,129,901
Change in tax rates and rate differences		**63,089**		328,679
Changes in estimates related to prior years		**(2,962)**		(197,363)
Income tax recovery	**$**	**(282,463)**	$	(81,136)

(b) Recognized deferred tax assets and liabilities

		2020		2019
Deferred tax assets are attributable to the following:				
Intangibles	**$**	**756,891**	$	797,836
Loan fair value adjustment		**7,595**		7,843
Finance fees		**25,098**		31,881
Leases		**392,677**		325,315
Non-capital losses		**6,400,391**		6,976,739
Deferred tax assets				
Offset by deferred tax liabilities below		**(5,290,626)**		(5,301,365)
Net deferred tax assets	**$**	**2,292,026**	$	2,838,249
Deferred tax liabilities are attributable to the following:				
Property, plant and equipment	**$**	**(7,440,223)**	$	(8,010,815)
Intangible assets		**(69,686)**		(5,111)
Holdbacks		**(32,172)**		-
Unbilled revenue		**(29,932)**		(123,688)
Vendor take-back loans		**(10,639)**		-
Deferred tax liabilities				
Offset by deferred tax assets above		**5,290,626**		5,301,365
Net deferred tax liabilities	**$**	**(2,292,026)**	$	(2,838,249)

(c) Recognized deferred tax assets and liabilities

The non-capital loss carryforwards expire between 2028 and 2040. Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable profit will be available against which the Company and its subsidiaries can utilize the benefits.

		2020		2019
Deductible temporary differences	**$**	**1,197,553**	$	1,197,553
Tax losses		**8,680,752**		5,187,091
Total items for which no deferred tax asset has been recognized	**$**	**9,878,305**	$	6,384,644

(d) Movement in temporary difference during the year ended December 31, 2020. No comparative has been presented as all prior year changes in timing differences were recognized in profit and loss in 2019.

For the year ended	December 31, 2019	Recognized in Profit and Loss	Acquired in Business Combination	December 31, 2020
Non capital losses	$ 6,976,739	$ (697,463)	$ 121,115	**$ 6,400,391**
Loan fair value adjustment	7,843	(248)	-	**7,595**
Intangible assets	797,836	(40,945)	-	**756,891**
Leases	325,315	44,110	23,252	**392,677**
Property, plant and equipment	(8,010,815)	911,626	(341,034)	**(7,440,223)**
Finance fees	31,881	(6,783)	-	**25,098**
Unbilled revenue, net of receivable holdbacks	(123,688)	93,756	-	**(29,932)**
Holdbacks	-	(32,172)	-	**(32,172)**
Intangibles	(5,111)	5,625	(70,200)	**(69,686)**
Vendor take-back loans	-	1,995	(12,634)	**(10,639)**
	$ -	**$ 279,501**	**$ (279,501)**	**$ -**

8. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

Year ended December 31,	**December 31, 2020**	December 31, 2019
Current portion of loans and borrowings		
Bank loan facility	**$ -**	$ 9,394,228
Current portion of vendor take-back loans	**287,968**	-
Current portion of term loan facilities	**136,207**	-
Current portion of lease liabilities	**751,667**	601,417
Current portion of mortgage facilities	**146,795**	127,418
Total current portion of loans and borrowings	**1,322,637**	10,123,063
Non-current portion of loans and borrowings		
Bank loan facility	**8,861,872**	-
Vendor take-back loans	**272,627**	-
Term loan facilities	**134,251**	-
Lease liabilities	**806,835**	786,967
Mortgage facilities	**2,295,353**	2,362,856
Total non-current portion loans and borrowings	**12,370,938**	3,149,823
Total loans and borrowings	**$ 13,693,575**	$ 13,272,886

(a) Bank loan facility

During the year ended December 31, 2020, the Company amended its bank loan facility. The term was extended for one year, to September 7, 2021, with the right to extend for a second year to September 7, 2022. The senior leverage ratio was changed to: September 30, 2020 - 4.00; December 31, 2020 - 4.00; March 31, 2021 - 3.75; and 3.50 thereafter. The interest rate remains unchanged at prime plus 3.0%. However if the senior leverage ratio is not met, the interest rate increases to prime plus 4.0% for the subsequent period. There was no change to the fixed charge coverage ratio. The maximum net capital expenditure limit was increased to $1,750,000 per fiscal year.

As the terms of the amendment to the bank loan facility were not substantially different from the previously existing bank loan facility, the amendment was determined to be a modification of debt. As a result, a loss on the modification of debt with a corresponding increase to the value of debt of $39,624 was recognized.

(b) Vendor take-back loans

In connection with the acquisition referred to in note 5, the Company issued vendor take-back loans with a fair value of $553,208 (face value of $600,000) with the final payment on the balance due in 2022. The loans have interest at an effective rate of 5.45%, (stated rate of prime of 2.45%) and are payable over two years. The first installment of $300,000 plus accrued interest is due on October 1, 2021. The second and final installment of $300,000, plus accrued interest is due on October 1, 2022. Consideration for the share purchase was $1,100,000 in cash in addition to the $600,000 in vendor take-back loans. The carrying value as at December 31, 2020 is $560,595 (2019 - $nil).

(c) Term loan facilities

In connection with the acquisition referred to in note 5, the Company acquired term loan facilities outlined below.

The Company has outstanding term loan facilities of $270,458 as at December 31, 2020 (2019 - $nil). The term loan facilities bear interest from 3.82% - 4.57%, have aggregate monthly payments of $17,964 (2019 - $nil) and mature at various times over the next 1 - 3 years with $134,251 due within one year. The loans are secured by specific equipment with a net book value of $459,498 (2019 - $nil) which pertains to light automotive equipment, heavy automotive, construction and portable rental equipment, and portable rental equipment.

(d) Lease liabilities

In connection with the acquisition referred to in note 5, the Company acquired leases with a fair value of $86,120.

The Company has outstanding lease liabilities of $1,558,502 as at December 31, 2020 (2019 - $1,388,384). The leases bear interest from 4.27% - 9.75%, have aggregate monthly payments of $74,887 (2019 - $58,291) and mature at various times over the next 1 - 5 years. The leases are secured by specific equipment with a net book value of $1,733,071 (2019 - $1,881,457) of which $1,011,567 (2019 - $599,261) pertains to premise leases, $619,965 (2019 - $803,886) pertains to light automotive equipment, $81,124 (2019 - $451,383) pertains to heavy automotive, construction and portable rental equipment, and $20,415 pertains to small equipment (2019 - $26,927).

	Totals	**Due within one year**	**Two-five years**	**More than five years**
Present value of minimum lease payments	$1,558,502	$ 751,667	$806,835	$ -
Interest	164,359	72,499	91,860	-
Future minimum lease payments	$1,722,861	$ 824,166	$898,695	$ -

(e) Mortgage facilities

The Company has outstanding demand mortgage facilities in the amount of $2,442,148 as at December 31, 2020 (2019 - $2,490,274). The loans are repayable at various times over the next 89 to 287 months and bear interest at prime plus 1.25% with monthly aggregate blended monthly payments of $19,344. The mortgages are secured by promissory notes, first charge on the property and buildings and corporate guarantees. The facilities are secured by land and building with a carrying value of $5,972,577 (2019 - $5,884,210). The lender has waived the demand provision for the next 365 days after year end provided there are no events of default. During the year, the Company applied for and received $120,000 of Canadian Emergency Business Account (CEBA) loans. The CEBA loans remain interest free until December 31, 2022 and have no fixed repayment schedule. If the repayment is made by December 31, 2022, 75% of the loan balance is repayable. As such, a recovery of $30,000 has been recognized in the year and a total of $90,000 is included in mortgage facilities as at December 31, 2020.

(f) Finance expense

Interest expense was incurred during the year from the following sources:

	Year ended December 31, 2020	Year ended December 31, 2019
Interest on loans and borrowings	**$ 726,523**	$ 684,395
Interest on lease liabilities	**138,391**	97,071
Amortization of debt modification adjustment	**(1,081)**	(45,469)
Amortization of prepaid transaction costs	**134,476**	154,141
Finance expense	**$ 998,309**	$ 890,138

Revisions due to contract modifications are recorded through finance expense as per the Company's accounting policy.

9. Share capital

Authorized:

Unlimited	Common shares
Unlimited	Preferred shares, issuable in series, terms to be set at issuance

Normal course issuer bid

During the year ended December 31, 2020, the Company repurchased and cancelled a total of 1,547,500 shares at a cost of $235,415 (2019 - 4,171,500 shares at a cost of $720,529). The shares were purchased in the open market in accordance with the normal course issuer bid approved by the TSX. The Company renewed its bid on August 24, 2020, with a termination date of August 23, 2021, or such earlier time as the bid is completed or terminated at the option of the Company.

10. Share-based payments

(a) Stock option program (equity-settled)

The Company has a stock option plan to purchase common shares over a period ranging from one to five years from the date the option is granted at prices approximating market prices on the day prior to the date of grant.

Outstanding stock options December 31, 2020	**Number**	**Weighted average exercise price**	**Weighted average remaining contractual life (months)**
Stock options, beginning of year	5,500,000	$ 0.18	26
Expired	(965,000)	$ 0.18	-
Issued	490,000	$ 0.15	4
Stock options, December 31, 2020	**5,025,000**	**$ 0.18**	**13**
Exercisable stock options, December 31, 2020	**5,025,000**	**$ 0.18**	**13**

Outstanding stock options December 31, 2019	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Stock options, beginning of year	4,835,000	$ 0.34	6
Expired	(4,835,000)	$ (0.34)	-
Issued	5,500,000	$ 0.18	26
Stock options, end of year	5,500,000	$ 0.18	26
Exercisable stock options, December 31, 2019	5,500,000	$ 0.18	26

On May 11, 2020, the Company issued 490,000 options to Directors, Officers and employees of the Company. The weighted average fair value of the options granted was $0.0237 estimated using the Black-Scholes Option Pricing Model.

	2020
Fair value at grant date	0.0237
Share price	$0.14
Exercise price	$0.15
Expected term	12 months
Risk-free interest	0.54%
Expected dividends	nil
Volatility	49%

The Company recorded share-based compensation of $11,613 for the year ended December 31, 2020, as the options vested immediately.

On July 2, 2019, the Company issued 4,535,000 options to Directors, Officers and employees of the Company. The weighted average fair value of the options granted was $0.077 estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2019
Fair value at grant date	0.077
Share price	$0.18
Exercise price	$0.18
Expected term	36 months
Risk-free interest	1.47%
Expected dividends	nil
Volatility	63%

On May 10, 2019, the Company issued 965,000 options to Directors, Officers and employees of the Company. The weighted average fair value of the options granted was $0.0526 estimated using the Black-Scholes Option Pricing Model.

	2019
Fair value at grant date	0.0526
Share price	$0.19
Exercise price	$0.18
Expected term	12 months
Risk-free interest	1.73%
Expected dividends	nil
Volatility	64%

The Company recorded share-based compensation of $399,954 for the year ended December 31, 2019, as the options vested immediately.

11. Loss per share

The loss available to common shareholders and weighted average number of common shares outstanding for comparative basic and diluted loss per share are:

	2020	2019
Weighted average common shares outstanding - basic and diluted	**50,197,352**	54,891,778
Net loss and comprehensive loss	**$(5,033,709)**	$(5,035,705)
Basic and diluted loss per share from continuing operations	**$(0.09)**	$(0.09)
Basic and diluted loss per share from discontinued operations	**$(0.01)**	$ 0.00
Basic and diluted loss per share from comprehensive income	**$(0.10)**	$(0.09)

12. Related party transactions

The Company has entered into various transactions in the normal course of business with a corporation controlled by an officer and director of the Company. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to a company controlled by Leonard Jaroszuk, President and Chief Executive Officer, as compensation for serving his role as officer for the Company. (2019 - Leonard Jaroszuk and Desmond O'Kell)

Year ended December 31,	**2020**	2019
Management and consulting fees	**$ 678,963**	$ 926,146

Key management compensation

Years ended December 31,	**2020**	2019
Salaries and directors' fees	**$541,951**	$619,344
Share based payments	**11,317**	382,469
	$553,268	$1,001,813

Key management compensation includes payments made to individual officers and directors for serving the Company in their respective roles.

13. Supplemental cash flow information

Years ended December 31,		**2020**		2019
(a) Changes in non-cash working capital:				
Trade and other receivables	**$**	**1,346,280**	$	232,831
Unbilled revenue		**190,788**		304,403
Inventories		**(15,284)**		32,131
Deposits and prepaid expenses		**61,358**		(2,127)
Trade and other payables		**(540,274)**		(34,713)
Income taxes payable		**(116,227)**		116,227
	$	**926,641**	$	648,752
(b) Other non-cash transactions:				
Right-of-use assets added on transition to IFRS 16	**$**	**-**	$	1,242,004
Purchases under lease liabilities	**$**	**1,242,004**	$	637,267
Amortization of prepaid borrowing costs	**$**	**145,213**	$	155,304

(c) Cash taxes paid

Cash taxes paid for the period ended December 31, 2020, was $113,265 (2019 - $197,362).

14. Discontinued operations

On March 22, 2018, Enterprise Group, Inc., closed a transaction to divest substantially all of the assets of Calgary Tunnelling & Horizontal Augering Ltd. (CTHA). Gross proceeds, including working capital, from the transaction was $20,194,992. The remaining net working capital receivable included in trade and other receivables at December 31, 2020, is $162,928 (2019 - $971,011). During the year, the Company collected $219,093 and wrote off bad debt from discontinued operations in the amount of $558,990. The Company has agreements in place for the collection of the remaining $162,928 of outstanding net working capital.

15. COVID-19 impact

The Company is utilizing the Canadian Emergency Wage Subsidy Program (CEWS), the Canadian Emergency Rent Subsidy (CERS), and the Canadian Emergency Business Account Program (CEBA). Under these programs the Company is eligible for/or has received: CEWS of $1,618,849, CERS of $90,782 and CEBA loans of $120,000.

Utilizing the CEWS program, the Company recorded $1,416,679 against direct costs and $202,170 against general and administrative costs the for the year ended December 31, 2020.