Condensed Consolidated Interim Financial Statements of

Vertex Resource Group Ltd.

For the three and six month periods ended June 30, 2018
(Unaudited)

Vertex Resource Group Ltd.

June 30, 2018

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Vertex Resource Group Ltd.

Condensed consolidated interim statements of financial position

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

As at	Notes	**June 30, 2018**	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		**775**	296
Accounts receivable		**27,298**	34,900
Unbilled revenue		**4,460**	3,246
Inventories		**2,552**	2,079
Prepaid expenses and deposits		**2,747**	1,261
		37,832	41,782
Property and equipment	4	**69,330**	59,523
Intangible assets		**1,805**	2,264
Goodwill		**34,081**	34,081
Deferred income taxes		**6,506**	6,506
		149,554	144,156
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**10,724**	11,927
Deferred revenue		**2,600**	636
Income taxes payable		**-**	66
Current portion of loans and borrowings	5	**7,489**	5,788
Current portion of provisions	6	**2,817**	2,899
		23,630	21,316
Loans and borrowings	5	**59,921**	56,372
Provisions	6	**2,752**	1,682
Deferred income taxes		**6,259**	5,013
		92,562	84,383
Shareholders' Equity			
Common shares	7	**81,567**	79,794
Deficit		**(25,558)**	(20,913)
Contributed surplus		**983**	892
		56,992	59,773
		149,554	144,156
Subsequent event	14		

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

Vertex Resource Group Ltd.

Condensed consolidated interim statements of net loss and comprehensive loss

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

	Notes	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenue		**27,692**	26,020	**62,378**	47,658
Direct costs		**18,965**	18,808	**44,850**	33,176
Gross profit		**8,727**	7,212	**17,528**	14,482
General and administrative expenses		**4,469**	4,063	**8,933**	7,931
Share-based compensation	8	**46**	-	**91**	-
Amortization		**3,269**	3,415	**6,497**	6,750
Finance costs	5,9	**5,081**	309	**6,612**	1,282
Loss before income taxes		**(4,138)**	(575)	**(4,605)**	(1,481)
Income tax expense (recovery)		**40**	(208)	**40**	(434)
Net loss and comprehensive loss for the period		**(4,178)**	(367)	**(4,645)**	(1,047)
Net loss and comprehensive loss for the period per share					
Basic and diluted	10	**(0.05)**	(0.01)	**(0.05)**	(0.02)
Weighted average number of shares outstanding for the purpose of calculating earnings per share					
Basic and diluted	10	**88,653,115**	70,973,522	**88,546,799**	68,946,129

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

Vertex Resource Group Ltd.

Condensed consolidated interim statements of changes in shareholders' equity
(in thousands of Canadian dollars)
(unaudited)

	Notes	Six months ended June 30, 2018	2017
Common Shares			
Balance, beginning of the period		**79,794**	57,912
Shares issued in business acquisitions		**-**	11,064
Shares issued in settlement of seller's note	7	**1,773**	6,727
Shares issued in settlement of advances from shareholders		**-**	2,151
Balance, end of the period		**81,567**	77,854
Contributed Surplus			
Balance, beginning of the period		**892**	887
Share-based compensation		**91**	-
Balance, end of the period		**983**	887
Deficit			
Balance, beginning of the period		**(20,913)**	(17,965)
Net loss and comprehensive loss for the period		**(4,645)**	(1,047)
Balance, end of the period		**(25,558)**	(19,012)
Total shareholders' equity		**56,992**	59,729

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

Vertex Resource Group Ltd.

Condensed consolidated interim statements of cash flows

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

	Notes	Six months ended June 30, 2018	2017
Operating activities			
Net loss		**(4,645)**	(1,047)
Items not affecting cash			
Amortization - property and equipment		**6,039**	5,803
Amortization - intangible assets		**459**	947
Share-based compensation		**91**	-
Interest accretion on provisions		**40**	579
Deferred financing charges	5	**2,321**	-
Loss (gain) on disposal of property and equipment		**(143)**	(117)
Gain on acquisitions		**(65)**	(636)
Deferred income taxes		**40**	(435)
		4,137	5,094
Change in non-cash operating working capital items		**1,693**	(2,457)
Cash provided by operating activities		**5,830**	2,637
Investing activities			
Acquisition of subsidiaries, net of cash acquired		**(636)**	2,072
Purchase of property and equipment		**(3,659)**	(1,833)
Proceeds from disposal of property and equipment		**2,017**	1,052
Cash used in investing activities		**(2,278)**	1,291
Financing activities			
Proceeds from (repayment of) operating loan		**636**	(1,266)
Proceeds from senior term loan	5	**40,000**	
Proceeds from term debt		**3,545**	
Repayment of term debt		**(1,368)**	(36,913)
Proceeds from senior debt		**-**	40,000
Repayment of senior debt	5	**(39,000)**	
Financing charges - deferred	5	**(275)**	(2,569)
Repayment of obligation under capital lease		**(474)**	(206)
Repayment of subordinated debt	5	**(5,500)**	-
Repayment of provisions		**(637)**	(726)
Cash used in financing activities		**(3,073)**	(1,680)
Increase in cash and cash equivalents		**479**	2,248
Cash and cash equivalents, beginning of period		**296**	44
Cash and cash equivalents, end of period		**775**	2,292

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

1. Description of business

Vertex is a publicly listed company on the TSX Venture Exchange ("TSXV") trading under the symbol VTX. The Company provides environmental services to a diverse clientele across Western Canada and in select locations in the United States.

In Canada, the level of activity is influenced by seasonal weather patterns as well as trends in the industries in which its customers operate. The Company is typically the busiest during the third and fourth quarters with lower activity levels in the first and second quarters. In particular, during the second quarter, commonly referred to as the "spring break-up", the frost leaves the ground making certain roads incapable of supporting the weight of heavy equipment resulting in restrictions in the level of industrial and energy service activity across western Canada.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements were approved by the Board of Directors (the "Directors") on August 10, 2018. These condensed consolidated interim financial statements have been prepared using the same accounting policies as the Company's 2017 annual audited consolidated financial statements. They do not include all of the information required for a complete set of IFRS financial statements and as such should be read in conjunction with the Company's 2017 annual audited consolidated financial statements. However, select explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements.

b) Basis of measurement

The Company's condensed consolidated interim financial statements have been prepared on a going concern basis, under the historical cost model, except for certain financial instruments measured at fair value.

c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand except where otherwise stated.

d) Principles of Consolidation

These condensed consolidated interim financial statements include the results of the Company and its subsidiaries and its limited partnerships. Subsidiaries and limited partnerships are all entities over which the Company has control. 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. Subsidiaries and limited partnerships are fully consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date control ceases. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

The Company's principal subsidiaries and limited partnerships at June 30, 2018 are Vertex Resource Services Ltd., Vertex Professional Services Ltd., Vertex Oilfield Services Ltd., Acden Vertex LP, and Dominion Leasing Inc. The Company has applied uniform accounting policies throughout all consolidated entities and reporting dates of the subsidiaries and limited partnerships are all consistent with the Company.

e) Use of estimates and judgments

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 for the year ended 31 December 2017.

f) Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.

g) Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the annual audited consolidated financial statements of the Company for the year ended December 31, 2017, with the exception of the adoption of IFRS 15, IFRS 9, and IFRS 2 described below. The disclosure contained in these condensed consolidated interim financial statements does not include all of the requirements in IAS 1 – Presentation in Financial Statements. Accordingly, these interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2017.

(i) IFRS 15 – Revenue from Contracts with Customers

The Company adopted IFRS 15 – Revenue from Contracts with Customers retrospectively on January 1, 2018. IFRS 15 supercedes IAS 11 – Construction Contracts and IAS 18 – Revenue, and related interpretations. The Company has detailed below the impact of the transition to IFRS 15 on its accounting policy for revenue recognition.

The Company applied IFRS 15 retrospectively to all contracts that were not complete on January 1, 2018, the date of the initial application, in order to determine if a restatement was required for prior periods presented. The Company performed a comprehensive review of existing contracts, control processes and revenue recognition methodology. In evaluating the impact of IFRS 15 on previously reported comparative figures, the Company determined that there was no change required as the existing revenue recognition practices met the requirements of IFRS 15. There were no changes to the classification and timing of revenue recognition, the measurement of contract costs and the recognition of contract assets (unbilled revenue) and contract liabilities (deferred revenue). The Company continues to recognize revenue at a contract level as performance obligations are satisfied over time, using project stage of completion based on costs incurred, labour hours expended and resources consumed. Revenue is recognized by applying the five-step model under IFRS 15.

Recognition requirements surrounding contract modifications (variations and claims) have been implemented, where the Company is required to provide stronger evidence of customer acceptance. For any change in transaction price as a results of a variation or claim, the Company will only recognize revenue to the extent that it is highly probably that revenue will not reverse in the future.

(ii) IFRS 9 – Financial Instruments

In 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 to replace IAS 39 – Financial Instruments: Recognition and Measurement. The Company adopted IFRS 9 retrospectively on January 1, 2018. The adoption of this standard did not have a material impact on the condensed consolidated interim financial statements. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Specifically, the new standard require entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis. The Company's policies and procedures surrounding the identification of credit risk and the recognition of credit losses comply with the requirements of this standard.

(iii) IFRS 2 – Share-based Payment

In June 2016, the IASB published *Classification and Measurement of Share-based Payment Transactions*, providing clarification on the classification and measurement of certain types of share-based payment transactions. The Company adopted the amendments to IFRS 2 retrospectively on January 1, 2018. The amendments to IFRS 2 clarify that the accounting for the effects of vesting and non-vesting conditions of cash-settled share-based payments should follow the same approach as for equity-settled share-based payments. The adoption of these amendments did not have any material impact to the condensed consolidated interim financial statements.

(iv) IFRS 16 – Leases

IFRS 16 - Leases ("IFRS 16"), was issued by the IASB on January 13, 2016, and will replace IAS 17 - Leases. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The Company is evaluating the impact of this standard on its consolidated financial statements.

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

3. Business acquisitions

During the six month period ended June 30, 2018, the Company completed two acquisitions. Details of the preliminary purchase price and allocation to the assets and liabilities acquired are as follows:

	June 30, 2018
Cash and cash equivalents	114
Other current assets	530
Property and equipment	13,090
	13,734
Current liabilities	(3,654)
Debt	(1,294)
Deferred tax liability	(1,201)
Net assets	7,585
Fair value of consideration:	
Cash	750
Sellers' notes	3,670
Capital lease	3,100
	7,520
Bargain purchase gain	65

a) *Environmental Services*

On May 31, 2018, the Company reached an agreement to purchase 100% of the outstanding shares of an environmental services company providing vacuum, hydro vac, fluid hauling, hot oiling and pressure truck services for a purchase price of $3.3 million paid with a $2.5 million non-interest bearing seller's note and $0.8 million in cash. Based on the initial allocation of fair values the company identified a gain on acquisition of $0.1 million. The bargain purchase gain was the result of net assets acquired exceeding consideration paid.

On June 27, 2018, the Company reached an agreement to purchase 100% of the outstanding shares of a private company providing hydrovac services to the Edmonton, Alberta region for $4.3 million. The total consideration of $4.3 million was paid with a $1.2 million non-interest bearing seller's note and a capital lease of $3.1 million.

These companies form part of the fluid management CGU and their results are presented in the environmental services segment.

Revenue and net income from the date of acquisitions to June 30, 2018 were $0.4 million and $0.1 million, respectively. The Company estimates it would have reported consolidated revenue of approximately $67.5 million and a net loss of approximately $4.5 million for the six-month period ended June 30, 2018 if the acquisitions had been completed on January 1, 2018.

The Company confirms the preliminary purchase price allocations are incomplete as the Company does not yet have complete and final information on the acquisitions. Specifically, the Company has not confirmed and verified all information from the acquired companies with respect to property and equipment, accrued liabilities, intangibles and fair value considerations to determine a final purchase price.

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

4. Property and equipment

	Land	Buildings and improvements	Machinery and equipment	Office furniture and equipment	Rolling stock	Total
Cost						
As at December 31, 2017	320	8,322	60,753	6,566	32,777	108,739
Additions	-	105	2,451	120	1,954	4,630
Additions from business acquisition (Note 3)	-	525	1,172	21	11,372	13,090
Disposals	-	(1,825)	(887)	(1,698)	(3,413)	(7,823)
As at June 30, 2018	**320**	**7,127**	**63,489**	**5,009**	**42,690**	**118,636**
Accumulated amortization						
As at December 31, 2017	-	6,617	28,981	4,103	9,515	49,216
Amortization	-	569	2,791	373	2,306	6,039
Disposals	-	(1,826)	(587)	(1,697)	(1,839)	(5,949)
As at June 30, 2018	**-**	**5,360**	**31,185**	**2,779**	**9,982**	**49,306**
Carrying value						
As at December 31, 2017	320	1,705	31,772	2,463	23,262	59,523
As at June 30, 2018	**320**	**1,767**	**32,304**	**2,230**	**32,708**	**69,330**
Carrying value of assets under finance lease						
As at December 31, 2017	-	-	-	-	2,097	2,097
As at June 30, 2018	**-**	**-**	**-**	**-**	**5,004**	**5,004**

Rolling stock acquired under capital leases during the six month period ended June 30, 2018 totaled $4.1 million (six month period ended June 30, 2017 - $0.1 million) and have been treated as non-cash transactions for purposes of the consolidated statement of cash flows.

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

5. Loans and borrowings

	June 30, 2018			December 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Revolving loan (a)	-	18,938	18,938	-	-	-
Term loan (b)	5,000	34,734	39,734	-	-	-
Equipment loans	1,065	2,467	3,532	61	-	61
Lease liabilities	1,424	3,782	5,206	727	882	1,609
Operating loan (a)	-	-	-	-	18,302	18,302
Senior debt (b)	-	-	-	5,000	31,688	36,688
Subordinated debt (a, b)	-	-	-	-	5,500	5,500
Total borrowings	7,489	59,921	67,410	5,788	56,372	62,160

Secured Credit Facilities

On May 11, 2018, the Company refinanced its operating loan, senior debt and subordinated debt with $70 million in secured credit facilities involving a syndicate of financial institutions led by HSBC Bank Canada ("HSBC"). This agreement includes an additional $20 million accordion facility. The syndicate facilities are for a three year committed term maturing May 10, 2021.

a) Revolving loan

The operating loan and a portion of the subordinated debt were replaced with a revolving loan authorized to a maximum of $25 million. The revolving loan can be drawn by a mix of account overdraft with interest at rates ranging from HSBC's CAD prime rate or USD base rate plus 0.75%–2.00%, CAD Bankers' Acceptance rate, Letters of Credit, USD LIBOR loans plus stamping fees of 1.75%-3.00%. The Company pays a standby fee on any unutilized portion of the revolving facility on the last day of each fiscal quarter at rates ranging from 0.35%-0.60%. The interest rate ranges are based on the funded debt to EBITDA ratio for the preceding quarter.

b) Term loan

The senior debt and a portion of the subordinated debt were replaced with a term loan of $40 million. The term loan will be a single draw at the closing date and can be a mix of account overdraft with interest at rates ranging from HSBC's CAD prime rate or USD base rate plus 0.75%–2.00%, CAD Bankers' Acceptance rate, Letters of Credit, USD LIBOR loans plus stamping fees of 1.75%-3.00%. The interest rate ranges are based on the funded debt to EBITDA ratio for the preceding quarter. The term loan is repayable in four quarterly principal payments of $1,250, followed by eight quarterly principal payments of $1,500 with a final payment of $23 million due on maturity of April 30, 2021. In addition to the scheduled principal payments the term loan includes an additional principal payment based on an annual excess cash flow calculation starting December 31, 2018. The excess cash flow calculation is applicable if the funded debt to EBITDA ratio at December 31, 2018 exceeds 2.75:1.00.

The syndicate facilities include a secured operating facility authorized to a maximum of $5 million to be used for general corporate purposes. The operating loan may be borrowed, repaid and re-borrowed on a revolving basis from the Closing Date until the Maturity Date. To the extent funds are drawn on the operating facility they will bear interest at rates ranging from HSBC's CAD prime rate or USD base rate plus 0.75%–2.00% and Letters of Credit plus stamping fees of 1.75%-3.00%.

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

c) Transaction costs

The Company incurred $0.3 million of transaction costs which were capitalized and are being amortized on a straight line basis over the three year term of the credit facility. Transaction costs previously deferred and break fees related to the senior debt that was retired with the refinancing totaling $3.6 million has been included in financing costs during the period ended June 30, 2018.

	June 30, 2018	December 31, 2017
Term loan - face value	**40,000**	-
Transaction costs	**(266)**	-
Senior debt - face value	**-**	39,000
Transaction costs	**-**	(2,312)
Carrying amount	**39,734**	36,688

d) Borrowing covenants – Senior Credit Facility

All loans are being provided in Canadian dollars and are subject to the following financial covenants:

- The ratio of consolidated senior indebtedness to trailing EBITDA, calculated on a trailing twelve month basis, must not exceed:
    - 3.75 to 1.00 for all quarters ending in fiscal 2018;
    - 3.25 to 1.00 for all quarters ending in fiscal 2019;
    - 2.75 to 1.00 thereafter.
- The ratio of net cash flow to fixed charges, the Fixed Charge Coverage ratio, must be more than 1.20 to 1.00 calculated on a rolling four-quarter basis.

The relevant definitions of key ratio terms set forth in senior secured credit facility is as follows:

- Consolidated senior indebtedness is defined as the outstanding balance of the revolving loan, plus the outstanding principal balance of the senior term loan, plus principal portions of any equipment loans and capital lease obligations.
- EBITDA is defined as net income before interest, taxes, depreciation and amortization, gains and losses on disposal of assets, amortization of capitalized deferred financing costs, goodwill/intangible impairment, stock-based compensation, and other gains and losses not considered reflective of underlying operations. Trailing twelve month EBITDA attributable to businesses acquired in the period are permitted to be added to EBITDA.
- Net cash flow is defined as EBITDA reduced by net capital expenditures and cash taxes.
- Fixed charges is calculated as interest expense plus scheduled principal payments of indebtedness during the twelve month trailing period.

At June 30, 2018 the Company was in compliance with the terms and covenants of its lending agreements which are calculated as follows:

	Target	**June 30, 2018**	December 31, 2017
Credit facilities			
Funded debt to EBITDA	< 3.75 : 1	**3.25**	3.18
Fixed charge coverage ratio	> 1.20 : 1	**1.62**	2.47

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

6. Provisions

	Onerous lease	Contingent deferred payment	Sellers' notes	Total
As at December 31, 2017	1,633	1,175	1,773	4,581
Settlement in exchange for class A common shares	-	-	(1,773)	(1,773)
Additions (Note 3)	-	-	3,670	3,670
Interest accretion during the period	40	-	-	40
Settlement of onerous lease	(312)	-	-	(312)
Payments	(637)	-	-	(637)
As at June 30, 2018	**724**	**1,175**	**3,670**	**5,569**

Provisions are presented on the consolidated interim statements of financial position as follows:

	June 30, 2018	December 31, 2017
Current portion of provisions	**2,817**	2,899
Non-current portion of provisions	**2,752**	1,682
	5,569	4,581

Sellers' notes

a) On January 10, 2018, a seller's note with an aggregate face value of $1.8 million (2017 - $6.7 million) was settled for 1,924,320 (2017 – 7,303,866) Class A common shares and has been treated as a non-cash transaction for the purposes of the condensed consolidated interim statements of cash flows.

b) The seller's note from the environmental services acquisition of $2.5 million (Note 3) is non-interest bearing, unsecured, and repayable in monthly instalments of $0.1 million for twenty-five months.

c) The seller's note from the hydrovac services acquisition of $1.2 million (Note 3) is non-interest bearing, unsecured, and repayable in monthly instalments of $0.1 million for twelve months.

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

7. Share capital

Common shares

Authorized, unlimited number

Class A common voting shares
Class B common non-voting shares

	Notes	Class A	Amount
		#	$
As at December 31, 2017		88,888,804	79,794
Shares issued in settlement of seller's note	6	1,924,320	1,773
As at June 30, 2018		**90,813,124**	**81,567**

8. Share-based compensation

Stock Option Plan

The Company grants stock options to directors, officers, employees and consultants of the Company affiliates under its Stock Option Plan. Options under the Stock Option Plan are normally granted at the weighted average trading price of the Common Shares of the Company for the five consecutive trading days immediately preceding the day of grant of the stock option. Stock options vest in the manner determined by the Board at the time of the grant. The term of an option is five years from the date of grant.

A summary of the status of the Company's stock options is as follows:

	June 30, 2018		December 31, 2017	
	Outstanding options	**Weighted average exercise price ($)**	Outstanding options	Weighted average exercise price ($)
Balance - Beginning of period	**4,428,155**	**1.00**	108,500	1.00
Granted	**-**	**1.00**	4,350,000	1.00
Exercised	**-**	**1.00**	(30,345)	1.00
Forfeited	**(225,000)**	**1.00**	-	1.00
Balance - end of period	**4,203,155**	**1.00**	4,428,155	1.00
Exercisable - end of period	**78,155**	**1.00**	78,155	1.00

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

9. Finance costs

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Interest on long-term debt	**1,419**	517	**2,582**	1,298
Financing and bank charges	**3,623**	(625)	**3,943**	(625)
Interest on acquisition obligation	**-**	367	**-**	505
Interest on onerous lease	**17**	35	**40**	74
Interest on finance leases	**22**	15	**47**	30
	5,081	309	**6,612**	1,282

10. Net loss per share

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Numerator for the period	**(4,178)**	(367)	**(4,645)**	(1,047)
Denominator outstanding - basic & diluted	**88,653,115**	70,973,522	**88,546,799**	68,946,129
Loss per share				
Basic	**(0.05)**	(0.01)	**(0.05)**	(0.02)
Diluted	**(0.05)**	(0.01)	**(0.05)**	(0.02)

In calculating the loss per share for the three and six month periods ended June 30, 2018, the Company excluded 2,197,206 warrants and 4,203,155 options (three and six month periods ended June 30, 2017 – 2,197,206 warrants and nil options), as their impact was anti-dilutive.

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

11. Related party transactions

All related party transactions are provided in the normal course of business materially under the same commercial terms and conditions as transactions with unrelated companies and are recorded at the exchange amount. Related party transactions include transactions with other private companies that are owned or controlled by a director.

	Nature of relationship	Three months ended June 30, **2018**	Three months ended June 30, 2017	Six months ended June 30, **2018**	Six months ended June 30, 2017
Transactions:					
General and administrative expenses - rent	(i)	**225**	225	**450**	450
Property and equipment additions	(i)	**367**	-	**856**	489
Repayments of advances from shareholders	(i)	**-**	-	**-**	2,151
Proceeds from sale of property and equipment	(i)	**-**	-	**-**	75

(i) Related by common director, officer

12. Supplemental cash flow information

	Six months ended June 30, **2018**	Six months ended June 30, 2017
Changes in non-cash working capital:		
Accounts receivable	**8,126**	822
Corporate income taxes recoverable	**-**	-
Unbilled revenue	**(1,214)**	(609)
Inventories	**(473)**	(182)
Prepaid expenses and deposits	**(1,479)**	(309)
Accounts payable and accrued liabilities	**(5,165)**	(1,808)
Deferred revenue	**1,964**	(199)
Income taxes payable	**(66)**	(172)
	1,693	(2,457)
Net cash paid (received) during the period for:		
Interest	**2,974**	1,328
Income taxes	**67**	85

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

13. Segmented information

The Company operates as an environmental and industrial services provider which form its two reporting segments. The accounting policies and practices for each of the segments are the same as those described in Note 2. Segment capital expenditures are the total costs incurred during the year to acquire property and equipment and intangible assets.

a) *Environmental* – the Company provides a variety of services related to assisting their clients meet internal environmental standards, regulatory environmental standards and related environmental compliance needs. These services span multiple industries including infrastructure, mining, oil and gas, telecommunications and utility.

b) *Industrial* - the Company offers services related to infrastructure or facility construction, as well as, the maintenance of those same assets. These services span a range of industries including agriculture, forestry, governments, midstream companies, public infrastructure, oil and gas production companies, potash and utilities.

	For the three month period ended June 30, 2018							
	Environmental		**Industrial**		**Corporate**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Revenue	**20,818**	17,574	**6,867**	8,425	**6**	21	**27,691**	26,020
Net Income (loss) before tax	**1,723**	953	**836**	376	**(6,697)**	(1,904)	**(4,138)**	(575)
Amortization	**2,862**	2,823	**407**	592	**-**	-	**3,269**	3,415
Capital expenditures	**2,032**	1,219	**111**	28	**-**	-	**2,143**	1,247

	For the six month period ended June 30,							
	Environmental		**Industrial**		**Corporate**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Revenue	**44,049**	33,064	**18,315**	14,553	**14**	41	**62,378**	47,658
Net Income (loss) before tax	**2,819**	1,932	**1,986**	283	**(9,410)**	(3,696)	**(4,605)**	(1,481)
Amortization	**5,689**	5,552	**808**	1,198	**-**	-	**6,497**	6,750
Capital expenditures	**4,202**	1,853	**428**	52	**-**	-	**4,630**	1,905

	Environmental	**Industrial**	**Corporate**	**Total**
As as June 30, 2018				
Total assets	**125,741**	**21,885**	**2,806**	**150,432**
Goodwill and Intangible assets	**35,886**	**-**	**-**	**35,886**
Total liabilities	**18,947**	**6,488**	**69,205**	**94,640**
As as December 31, 2017				
Total assets	105,779	32,094	6,283	144,156
Goodwill and Intangible assets	36,345	-	-	36,345
Total liabilities	21,521	12,494	50,368	84,383

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

14. Subsequent events

a) On July 12, 2018, the Company reached an agreement to purchase 100% of the outstanding shares of an environmental services company providing fluid hauling, pressure truck, hot oiler and combo vac services. For total consideration of $7.8 million, the Company paid cash of $4.2 million, agreed to a non-interest bearing seller's note for $1.9 million and issued 2,600,000 Class A common shares at a fair value of $0.64 per share. The seller's note is unsecured and repayable in monthly instalments of $0.1 million for twenty-four months. Based on the preliminary allocation of fair values the Company identified a bargain purchase gain on acquisition of $6.1 million as net assets acquired exceeded consideration paid.

This company will form part of the fluid management CGU and its results will be presented in the environmental services segment.

The preliminary fair value of assets acquired as of July 12, 2018 is summarized as follows:

	Total
Cash and cash equivalents	348
Other current assets	7,773
Property and equipment	25,763
	33,884
Current liabilities	(11,405)
Debt	(6,064)
Deferred tax liability	(2,545)
Net assets	13,870
Fair value of consideration:	
Cash	4,240
Sellers' notes	1,900
Class A common shares	1,664
	7,804
Bargain purchase gain	6,066

b) On July 12, 2018, the Company amended its Credit Facility by adding $10.0 million on its term loan and $5.0 million on its revolving loan. The Company increased its available revolving loan limit to $30.0 million and increased its term loan to $50.0 million. The proceeds from the loans were used to retire existing debt of the above noted acquisition and fund the $4.2 million cash payment on closing. The terms and covenants of the amended agreement are the same as described in Note 5. As part of the amendment, the accordion facility remained at $20.0 million and the operating facility remained authorized to a maximum of $5 million to be used for general corporate purposes.