Condensed Consolidated Interim Financial Statements of

Vertex Resource Group Ltd.

For the three-month period ended March 31, 2020
(Unaudited)

Notice to Reader: As required by National Instrument 51-102, Part 4, subsection 4.3(3)(a), readers are advised that the Company's independent auditors have not performed a review of these condensed consolidated interim financial statements.

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March 31, 2020
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Vertex Resource Group Ltd.

Condensed consolidated interim statements of financial position

(in thousands of Canadian dollars)
(unaudited)

As at	Notes	**March 31, 2020**	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		**796**	414
Accounts receivable		**31,014**	32,819
Contract assets		**2,429**	1,910
Inventories		**3,188**	2,908
Prepaid expenses and deposits		**2,664**	2,315
		40,091	40,366
Property and equipment	4	**69,884**	73,658
Right of use assets	5	**22,711**	23,074
Intangible assets	6	**907**	1,569
Goodwill	7	**24,826**	28,126
Deferred income taxes		**5,125**	5,125
		163,544	171,918
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**15,798**	15,927
Contract liabilities		**67**	75
Income taxes payable		**103**	185
Current portion of loans and borrowings	8	**9,953**	10,413
Current portion of other liabilities	9	**1,231**	1,955
Current portion of lease liabilities	5	**5,151**	5,187
		32,303	33,742
Loans and borrowings	8	**60,594**	60,603
Other liabilities	9	**975**	975
Lease liabilities	5	**18,574**	19,130
Deferred income taxes		**3,101**	3,915
		115,547	118,365
Shareholders' Equity			
Common shares	10	**81,071**	83,231
Deficit		**(36,551)**	(30,952)
Contributed surplus	10	**3,477**	1,274
		47,997	53,553
		163,544	171,918

The accompanying notes are an integral part of these condensed consolidated interim finanicial 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 March 31, 2020**	2019
Revenue		**38,426**	42,628
Direct costs		**29,342**	32,001
Gross profit (1)		**9,084**	10,627
General and administrative expenses		**3,761**	4,601
Share-based compensation		**43**	54
Depreciation and amortization	4,5,6	**6,040**	5,521
Finance costs	12	**1,359**	1,303
Impairment	6,7	**3,665**	-
Restructuring costs		**629**	-
Loss before income taxes		**(6,413)**	**(852)**
Income tax recovery		**(814)**	(227)
Net loss and comprehensive loss for the period	13	**(5,599)**	(625)
Net loss per share			
Basic and diluted	13	**(0.06)**	(0.01)

(1) Gross profit is comprised of gross profit before depreciation.

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

Vertex Resource Group Ltd.

Condensed consolidated interim statements of changes in shareholders' equity

(in thousands of Canadian dollars)
(unaudited)

	Notes	Three Months ended March 31, 2020	2019
Common Shares			
Balance, beginning of the period		**83,231**	83,231
Share cancellation	10	**(2,160)**	-
Balance, end of the period		**81,071**	83,231
Contributed Surplus			
Balance, beginning of the period		**1,274**	1,086
Share cancellation	10	**2,160**	-
Share-based compensation		**43**	54
Balance, end of the period		**3,477**	1,140
Deficit			
Balance, beginning of the period		**(30,952)**	(18,622)
Adoption of IFRS 16 - Leases		**-**	(1,016)
Balance, beginning of the period as adjusted		**(30,952)**	(19,637)
Net loss and comprehensive loss		**(5,599)**	(625)
Balance, end of the period		**(36,551)**	(20,262)
Total shareholders' equity		**47,997**	64,109

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

Vertex Resource Group Ltd.

Condensed consolidated interim statements of cash flows

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

	Notes	Three Months ended March 31, 2020	2019
Operating activities			
Net loss		**(5,599)**	(625)
Items not affecting cash			
Depreciation and amortization	4,5	**6,040**	5,521
Impairment	6,7	**3,665**	-
Share-based compensation		**43**	54
Deferred financing charges		**32**	32
Gain on disposal of property and equipment		**(55)**	(327)
Deferred income taxes		**(814)**	(265)
		3,312	4,390
Changes in non-cash operating working capital items	15	**438**	(1,168)
Cash provided by operating activities		**3,750**	3,222
Investing activities			
Purchase of property and equipment		**(903)**	(865)
Proceeds from disposal of property and equipment		**120**	596
Cash used in investing activities		**(783)**	(269)
Financing activities			
Repayment of term loan	8	**-**	(1,562)
Repayment of other liabilities	9	**(724)**	(790)
Repayment of equipment loans	8	**(501)**	(482)
Repayment of right of use lease liabilities	5	**(1,360)**	(1,497)
Cash (used in) provided by financing activities		**(2,585)**	(4,331)
Increase (decrease) in cash and cash equivalents		**382**	(1,378)
Cash and cash equivalents, beginning of period		**414**	2,347
Cash and cash equivalents, end of period		**796**	969

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

1. Description of business

Vertex Resource Group Ltd. ("the Company") is a publicly listed company on the TSX Venture Exchange ("TSXV") trading under the symbol VTX. The Company provides environmental consulting and support 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

The Company prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Certain information has been reclassified to conform with the financial statement presentation adopted in the current year.

The condensed consolidated interim financial statements were approved by the Board of Directors (the "Directors") on June 19, 2020. These condensed consolidated interim financial statements should be read in conjunction with the Company's most recent annual financial statements as the accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those disclosed therein.

3. Recent developments and impact on estimation uncertainty

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus ("COVID-19"). COVID-19 has had a pervasive adverse impact on the Canadian economy, the global economy, supply chains, the energy industry, the demand for oil, and the price of oil. The duration and extent of impact of COVID-19 is not known. Governments and central banks have introduced significant monetary and fiscal initiatives to mitigate these effects. However, the eventual efficacy of such measures is not known. The expected negative impacts to the Company's revenues and results of operations may be material; however, such impacts are not quantifiable. The outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by Management in the preparation of its financial results.

A list of the key sources of estimation uncertainty can be found in the Company's annual financial statements for the year ended December 31, 2019. The outbreak and current market conditions have increased the complexity of estimates and assumptions used to prepare the condensed consolidated interim financial statements, particularly related to the following key sources of estimation uncertainty:

Recoverable amounts

Determining the recoverable amount of a cash-generating unit ("CGU") or an individual asset requires the use of estimates and assumptions, which are subject to change as new information becomes available. The severe drop in commodity prices, due to reasons noted above, have increased the risk of measurement uncertainty in determining the recoverable amounts.

(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, 2019	12,468	65,029	4,985	53,077	135,559
Additions	19	208	27	649	903
Disposals	(2)	(907)	-	(81)	(990)
As at March 31, 2020	**12,485**	**64,330**	**5,012**	**53,645**	**135,472**
Accumulated depreciation					
As at December 31, 2019	6,709	38,477	2,387	14,328	61,901
Depreciation	237	1,996	229	2,150	4,612
Disposals	(2)	(863)	-	(60)	(925)
As at March 31, 2020	**6,944**	**39,610**	**2,616**	**16,418**	**65,588**
Carrying value					
As at December 31, 2019	**5,759**	**26,552**	**2,598**	**38,749**	**73,658**
As at March 31, 2020	**5,541**	**24,720**	**2,396**	**37,227**	**69,884**

5. Right of use assets and lease liabilities

a) Right of Use Assets

The Company's significant lease arrangements include contracts for leasing office, shop and yard premises, and operating equipment. All leases involve right of use assets that are unsecured unless otherwise indicated.

	Real Property	**Operating Equipment**	**Total**
Cost			
As at December 31, 2019	17,969	10,302	28,271
Additions	-	768	768
As at March 31, 2020	**17,969**	**11,070**	**29,039**
Accumulated depreciation			
As at December 31, 2019	4,007	1,190	5,197
Depreciation	787	344	1,131
As at March 31, 2020	**4,794**	**1,534**	**6,328**
Carrying value			
As at December 31, 2019	13,962	9,112	23,074
As at March 31, 2020	**13,175**	**9,536**	**22,711**

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

ROU assets acquired during the period ended March 31, 2020 totaled $0.8 million (period ended March 31, 2019 - $0.5 million) and have been treated as non-cash transactions for purposes of the condensed consolidated interim statement of cash flows.

Secured operating equipment are leases that include an option to purchase that the Company plans to exercise when the lease contract is negotiated. Once a contractual option to purchase has been exercised, the underlying asset ceases to be a right of use asset and becomes property and equipment of the Company. The carrying value of secured operating equipment at March 31, 2020 totaled $9.2 million (March 31, 2019 - $15.8 million).

b) Lease Liabilities Continuity

	Real Property	Operating Equipment	Total
As at December 31, 2019	16,487	7,830	24,317
Additions	-	768	768
Interest accretion during the period	274	85	359
Payments	(1,103)	(616)	(1,719)
As at March 31, 2020	**15,658**	**8,067**	**23,725**
Presented as:			
Current portion of lease liabilities			**5,151**
Lease liabilities			**18,574**
			23,725

6. Intangible assets

	Customer relationships	Intellectual Property	Non-compete agreements	Development Costs	Total
Cost					
As at March 31, 2020	**1,690**	**800**	**835**	**801**	**4,126**
Accumulated amortization					
As at December 31, 2019	1,265	667	571	54	2,557
Amortization	130	67	60	40	297
Impairment	200	-	165	-	365
As at March 31, 2020	**1,595**	**734**	**796**	**94**	**3,219**
Carrying value					
As at December 31, 2019	425	133	264	747	1,569
As at March 31, 2020	**95**	**66**	**39**	**707**	**907**

During the three months ended March 31, 2020, the Company recognized an impairment expense of $0.4 million related to intangible assets. See Note 7 below and Note 13 in the 2019 annual consolidated financial statements for further discussion on the Company's impairment tests.

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

7. Goodwill

Goodwill is monitored by management at the level of consulting and environmental logistics CGU's. A CGU level summary of the goodwill allocation is presented below:

	Consulting	Environmental Logistics	Total
Carrying value			
As at December 31, 2019	20,760	7,366	28,126
Impairment	-	3,300	3,300
As at March 31, 2020	**20,760**	**4,066**	**24,826**

Recent global events, including the COVID-19 pandemic and the rapid decline of oil prices have impacted the Company's near-term cash flows. As a result, the recoverable amounts of the groups of cash-generating units ("CGU") to which goodwill was allocated were reassessed at March 31, 2020, and the Company recognized an impairment expense $3.3 million in the Environmental Logistics CGU (formerly Fluid Management).

The approach and assumptions used were consistent with those described in Note 13 in the 2019 annual consolidated financial statements, with the exception of cash flows for the next two years, which were based on management's revised assessment of expected market trends and commodity prices as a result of current economic conditions. For subsequent years, a recovery is assumed for each CGU to reflect the assumptions used in the Annual Financial Statements.

8. Loans and borrowings

	March 31, 2020			December 31, 2019		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Secured						
Revolving loan (a)	**-**	**21,400**	**21,400**	-	21,400	21,400
Syndicate term loan (b)	**7,619**	**37,921**	**45,540**	7,619	37,889	45,508
Equipment loans (f)	**2,333**	**1,273**	**3,606**	2,793	1,314	4,108
Total borrowings	**9,953**	**60,594**	**70,547**	10,413	60,603	71,016

On March 31, 2020, the Company amended its Secured Credit Facilities as follows:

- The scheduled principal payment on the term loan of $1,523 was deferred by the lenders to May 15, 2020; and
- The interest rates and standby fees for the revolving and term loans were increased as described below.

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

a) *Revolving loan*

The revolving loan is authorized to a maximum of $30.0 million and 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 3.00%-4.25%, CAD Bankers' Acceptance rate and USD LIBOR loans plus stamping fees of 4.00%-5.25%. 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 0.80%-1.05%. The interest rate ranges are based on the funded debt to Bank EBITDA ratio for the preceding quarter.

b) *Syndicate term loan*

The syndicate term loan, when originally drawn, was $50.0 million and can be a mix of account overdraft with interest at rates ranging from HSBC's CAD prime rate or USD base rate plus 3.00%-4.25%, CAD Bankers' Acceptance rate and USD LIBOR loans plus stamping fees of 4.00%-5.25%. The interest rate ranges are based on the net senior funded debt to Bank EBITDA ratio for the preceding quarter. The syndicate term loan is repayable in four quarterly principal payments of $1,563, followed by eight quarterly principal payments of $1,875 with a final payment of $28.8 million due on maturity of May 10, 2021. In addition to the scheduled principal payments the syndicate term loan includes an additional principal payment based on an annual excess cash flow. The excess cash flow calculation is applicable if the net senior funded debt to Bank EBITDA ratio at December 31, 2019 exceeds 2.75:1.00.

c) *Operating loan*

The syndicate facilities include a secured operating facility authorized to a maximum of $5.0 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 3.00%-4.25%. There was no amount drawn on this facility at March 31, 2020.

d) *Transaction costs*

The Company incurred $0.4 million of transaction costs in 2018 which were capitalized and are being amortized on a straight-line basis over the three year term of the credit facility.

	March 31, 2020	December 31, 2019
Term loan - face value	**45,703**	45,703
Transaction costs	**(163)**	(195)
Carrying amount	**45,540**	45,508

e) *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 Bank EBITDA, calculated on a trailing twelve month basis, must not exceed:
    - 3.75 to 1.00 for all quarters ending in fiscal 2019 and 2020;
    - 3.50 to 1.00 thereafter; and
- the ratio of net cash flow to fixed charges, the Fixed Charge Coverage ratio, must not be less than 1.20 to 1.00 calculated on a rolling four-quarter basis.

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

At March 31, 2020, the Company was not in compliance with a requirement for pre-approval by its lenders of a component within the calculation of its financial covenants. Subsequent to the quarter end, the required approval was provided retroactively, and the Company was deemed by the lenders to be in compliance with the terms and covenants of the lending agreement at March 31, 2020.

f) *Equipment loans*

The equipment loans are due on demand, bear interest at rates ranging from 3.6% to 6.8% and have maturity dates (assuming they are serviced until maturity) ranging from May 23, 2020 to December 25, 2023. Equipment loans are secured by rolling stock with a net book value of $6.2 million (December 31, 2019 - $6.4 million).

9. Other liabilities

Other liabilities are made up of several sellers' notes from multiple acquisitions. The seller's notes are unsecured, bear interest at rates ranging from 5.7% to 6.0% and have maturity dates ranging from June 15, 2020 to July 10, 2023.

	Total
As at December 31, 2019	2,930
Interest accretion during the period	30
Payments	(754)
As at March 31, 2020	**2,206**

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

	March 31, 2020	December 31, 2019
Current portion of provisions	**1,231**	1,955
Non-current portion of provisions	**975**	975
	2,206	2,930

10. 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, 2019		93,413,124	83,231
Share cancellation		(2,160,009)	(2,160)
As at March 31, 2020		**91,253,115**	**81,071**

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

In 2017, one of the acquisitions included shares contingent on meeting specified financial targets for the years ended 2018 and 2019. The acquired company did not meet its specified financial targets for the years ended December 31, 2018 or 2019 and as a result, escrowed common shares of 2,160,009 shares were cancelled on January 31, 2020 and recorded as an increase to contributed surplus in the amount of $2.16 million.

11. Share-based compensation

Stock Option Plan

The Company grants stock options to directors, officers, employees and consultants of the Company 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:

	March 31, 2020		December 31, 2019	
	Outstanding options	**Weighted average exercise price ($)**	Outstanding options	Weighted average exercise price ($)
Balance - beginning of period	**4,085,000**	**1.00**	4,875,000	1.00
Forfeited	**(175,000)**	**1.00**	(790,000)	1.00
Balance - end of period	**3,910,000**	**1.00**	4,085,000	1.00
Exercisable - end of period	**2,389,997**	**1.00**	2,498,330	1.00

12. Finance costs

	Three Months ended March 31,	
	2020	2019
Interest on long-term debt	**931**	893
Interest accretion on lease and other liabilities	**390**	358
Financing and bank charges	**38**	52
	1,359	1,303

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

13. Net loss per share

	Three Months ended March 31, 2020	2019
Numerator:		
Net loss and comprehensive loss for the period	**(5,599)**	(625)
Denominator:		
Weighted average shares outstanding - basic & diluted	**91,253,115**	91,253,115
Loss per share - basic and diluted	**(0.06)**	(0.01)

In calculating the loss per share for the three month period ended March 31, 2020, the Company excluded 2,197,206 warrants and 3,910,000 options (three month ended March 31, 2019 – 2,197,206 warrants and 4,825,000 options), as their impact was anti-dilutive.

14. Related party transactions

All related party transactions are 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 controlled by a director or officer.

At March 31, 2020, lease liabilities includes $5.6 million (March 31, 2019 - $6.1 million) of liabilities relating to the leases with a related party and principal payments of unsecured lease liabilities and associated interest accretion for the three months ended March 31, 2020 were $0.2 million (three months ended March 31, 2019 - $0.2 million).

15. Supplemental cash flow information

	Three Months ended March 31, 2020	2019
Changes in non-cash working capital:		
Trade and other receivables	**3,448**	741
Contract assets	**(2,163)**	(1,033)
Inventories	**(280)**	(388)
Prepaid expenses and deposits	**(349)**	475
Accounts payable and accrued liabilities	**(128)**	(655)
Contract liabilities	**(8)**	(282)
Income taxes payable	**(82)**	(26)
	438	(1,168)
Net cash paid during the period for:		
Interest	**1,037**	977
Income taxes	**82**	64

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

16. Segmented information

The Company has two reportable segments described as Engineering and Environmental Consulting ("Environmental Consulting") and Environmental Services. 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 Consulting consists of professional studies and services aimed at assisting clients to comply with regulatory requirements and ensure environmental sustainability. These activities include environmental studies, reclamation projects, well site completions and abandonments, regulatory compliance, and land use agreements. Clients operate in various industries including energy, telecommunications, public sector, utilities, mining, and agriculture.

b) Environmental Services consists of services and assets aimed at transportation, removal, storage, and disposal of materials, and maintenance of facilities, in an environmentally safe manner. Services include fluid hauling, equipment rentals, hydrovac services, well site services, and industrial cleaning, for various industries including energy, telecommunications, public sector, utilities, mining, and agriculture.

	For the three month period ended March 31, 2020			
	Environmental Consulting	**Environmental Services**	**Other**	**Total**
Revenue	11,207	26,133	1,086	**38,426**
Operating profit (loss) before depreciation and amortization	1,856	4,446	(979)	**5,323**
Depreciation and amorization	572	4,340	1,128	**6,040**
Operating profit (loss)	1,284	106	(2,106)	**(716)**
Other information				
Expenditures for additions to :				
Property and equipment	225	606	12	**843**
As as March 31, 2020				
Total assets	50,680	99,999	12,865	**163,544**
Goodwill and Intangible assets	20,962	4,065	706	**25,733**
Total liabilities	10,425	36,001	69,121	**115,547**

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

	For the three month period ended March 31, 2019			
	Environmental Consulting	**Environmental Services**	**Other**	**Total**
Revenue	10,921	29,359	2,348	42,628
Operating profit (loss) before depreciation and amortization	1,857	5,570	(1,401)	6,026
Depreciation and amorization	510	3,823	1,187	5,520
Operating profit (loss)	1,347	1,748	(2,588)	507
Other information				
Expenditures for additions to :				
Property and equipment	81	1,250	57	1,389
As as December 31, 2019				
Total assets	51,031	106,367	14,520	171,918
Goodwill and Intangible assets	21,191	7,757	747	29,695
Total liabilities	13,011	30,620	74,734	118,365

17 Subsequent events

a) Secured Credit Facility

In June 2020, the Company amended its Secured Credit Facilities as described in the following:

i) *Maturity date*
The maturity date has been extended to November 11, 2021.

ii) *Borrowing covenants – Senior Credit Facility:*

- Net Syndicated Funded Debt to EBITDA ratio: the ratio of consolidated net senior indebtedness less BDC Co-lending facility and BDC working capital loan program to EBITDA, calculated on a trailing 12-month basis, must not exceed:
  - 4.25:1.00 for the fiscal quarter ended March 31, 2020;
  - 5.00:1.00 for the fiscal quarters from June 30, 2020 through to March 31, 2021; and
  - 4.25:1.00 for each fiscal quarter thereafter.
- Net Senior Funded Debt to EBITDA ratio: the ratio of consolidated net senior indebtedness to EBITDA, calculated on a trailing 12-month basis, following the same fiscal quarter schedule as the Net Syndicated Funded Debt to EBITDA ratio plus an additional 0.50:1.00 on the above noted ratios.
- the ratio of net cash flow to fixed charges, the fixed coverage ratio, must not be less than 1.10:1.00 calculated on a rolling four-quarter basis.

iii) *Syndicate term loan:*

Scheduled principal payments on the syndicate term loan based on the amended agreement will be $1,104 per quarter for three quarters beginning the quarter ended September 30, 2020 through to the quarter ended March 31, 2021, followed by two quarterly principal payments of $1,381 with a final payment of $38.1 million due on maturity of November 11, 2021. The requirement for a payment based on the excess cash flow calculation at December 31, 2019 of

$0.9 million was waived by the lenders. The principal payment deferred from March 31, 2020 to May 15, 2020 of $1,523 was made by the Company on May 15, 2020 (Note 6). The lenders have waived the requirement for a principal payment on June 30, 2020.

b) *Subordinate term loan*

In June 2020, under a separate loan agreement with HSBC Bank Canada, an additional term loan for $6.3 million has been agreed to under BDC's Co-Lending Program to provide additional working capital to the Company. The loan is 80% funded by BDC, is secured by the assets of the Company ranking second to the Secured Credit Facility, bears interest at the rate of HSBC's CAD prime rate plus 4.25% per annum, is repayable in monthly interest only payments for the first year, then monthly principal plus interest payments over five years commencing July 2021 and maturing June 2026. For the purposes of the covenants noted above, this loan meets the definition of net senior funded debt but does not meet the definition of net syndicate funded debt.

c) Subordinate working capital loan

In May 2020, under a separate loan agreement with Business Development Bank, a loan for $2.0 million has been agreed to in order to provide additional working capital to the Company. The loan is secured by assets of the Company ranking second to the Secured Credit Facility, bears interest at the BDC's floating base rate of 4.55% less 1.75% per annum, is repayable in monthly interest only payment beginning one month after the date of the first advance on the loan. The Company anticipates the first advance will be during the month of June 2020. On January 5, 2021 the Company is required to make twenty-three monthly principal plus interest payments of $33 with a final balloon payment of $1.2 million on January 4, 2023. For the purposes of the covenants noted above, this loan meets the definition of net senior funded debt but does not meet the definition of net syndicate funded debt.