Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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 28, 2016

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

Grant Thornton

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
E Edmonton@ca.gt.com
www.GrantThornton.ca

To the Shareholders of
Enterprise Group, Inc.

We have audited the accompanying consolidated financial statements of Enterprise Group, Inc., which comprise the consolidated statements of financial position as at December 31, 2015, and December 31, 2014, and the consolidated statements of (loss) income and comprehensive (loss) income, changes in equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Grant Thornton

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Enterprise Group, Inc. as at December 31, 2015, and December 31, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Edmonton, Canada

March 28, 2016

Chartered Professional Accountants, Chartered Accountants

Consolidated Statements of Financial Position

As at December 31	2015	2014
Assets		
Cash and cash equivalents (note 4)	**$ 1,999,775**	$ 9,888,351
Trade and other receivables (note 4)	**10,807,504**	20,516,289
Income taxes recoverable	**799,650**	-
Unbilled revenue	**1,306,767**	3,090,705
Inventories (note 5)	**1,740,933**	2,702,278
Deposits and prepaid expenses	**801,259**	1,388,482
	17,455,888	37,586,105
Property, plant and equipment (note 6)	**83,362,266**	94,704,359
Investment property (note 7)	**3,910,000**	3,910,000
Goodwill (note 8)	**8,407,057**	15,747,831
Intangible assets (note 9)	**2,583,382**	5,665,722
Deferred tax assets (note 10)	**3,499,275**	7,487,305
	101,761,980	127,515,217
Total assets	**$ 119,217,868**	$ 165,101,322
Liabilities		
Trade and other payables (note 4)	**$ 5,191,954**	$ 12,892,518
Income taxes payable	**-**	2,024,464
Current portion of loans and borrowings (note 11)	**4,545,409**	11,001,090
	9,737,363	25,918,072
Long term portion of loans and borrowings (note 11)	**37,962,008**	44,058,448
Deferred tax liabilities (note 10)	**6,593,915**	13,521,286
Total liabilities	**54,293,286**	83,497,806
Equity		
Share capital	**79,930,146**	77,969,392
Warrants	**1,448,381**	4,007,454
Convertible debenture	**-**	63,479
Contributed surplus	**5,605,143**	4,346,621
Deficit	**(22,059,088)**	(4,783,430)
Total equity	**64,924,582**	81,603,516
Total equity and liabilities	**$ 119,217,868**	$ 165,101,322

Approved on behalf of the Board:

(Signed) "Leonard D. Jaroszuk" Director

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

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

Years ended December 31	**2015**	2014
Revenue	**$ 60,623,196**	$ 79,629,450
Direct expenses	**(48,581,297)**	(55,055,078)
Gross margin	**12,041,899**	24,574,372
General and administrative expenses	**(4,151,112)**	(4,022,114)
Depreciation of property, plant and equipment	**(8,584,517)**	(6,539,570)
Finance expense	**(3,217,328)**	(3,053,769)
Share-based payments	**(1,912,443)**	(1,776,483)
Amortization of intangible assets	**(729,341)**	(608,890)
Acquisition costs (note 3)	**(25,115)**	(543,333)
(Loss) gain on sale of property, plant and equipment	**(219,714)**	452,479
Fair value adjustment on investment property	**-**	345,000
Gain (loss) on foreign exchange	**354,669**	(231,778)
Impairment of property plant & equipment (note 6)	**(7,338,735)**	-
Impairment of goodwill (note 8)	**(7,340,774)**	-
Impairment of intangible assets (note 9)	**(2,353,000)**	-
Other (loss) income	**(313,492)**	468,532
(Loss) income before income tax	**(23,789,003)**	9,064,446
Income tax recovery (expense) (note 10)	**3,481,852**	(3,333,047)
Net (loss) income and comprehensive (loss) income	**$ (20,307,151)**	$ 5,731,399
(Loss) earnings per share (note 14)		
Basic (loss) earnings per share	**$ (0.40)**	$ 0.12
Diluted (loss) earnings per share	**$ (0.40)**	$ 0.12

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

Years ended December 31	**2015**	2014
Cash flows from operating activities:		
Net (loss) income	**$ (20,307,151)**	$ 5,731,399
Adjustments for:		
Depreciation of property, plant and equipment	**8,584,517**	6,539,570
Amortization of intangible assets	**729,341**	608,890
Gain on foreign exchange on finance lease	**(523,353)**	-
Loss (gain) on sale of property, plant and equipment	**219,714**	(452,479)
Share-based payments	**1,912,443**	1,776,483
Fair value adjustment	**-**	(345,000)
Impairment of long-lived assets	**17,032,509**	-
Deferred income taxes	**(2,939,341)**	1,698,296
Finance expense	**3,217,328**	3,035,768
Change in non-cash working capital (note 16)	**2,516,613**	(2,279,177)
Net cash provided by operating activities	**10,442,620**	16,313,750
Cash flows from financing activities:		
(Repayments of) net proceeds from bank loan facility	**(3,443,573)**	18,722,823
Repayment of vendor take-back loans	**(1,250,000)**	(1,055,000)
Interest and borrowing costs paid on loans and borrowings	**(2,960,663)**	(3,061,359)
Repayment of term loan	**(398,933)**	(317,975)
Repayment of finance lease liabilities	**(7,966,125)**	(4,403,928)
Repayment of mortgage facility	**(78,237)**	(386,733)
Repayment of convertible debentures	**(1,644,000)**	-
Issuance of common shares	**1,773,400**	42,601,200
Share issue costs	**(95,126)**	(3,909,592)
Stock options exercised	**37,500**	348,000
Warrants exercised	**-**	171,342
Net cash (used) provided by financing activities	**(16,025,757)**	48,708,778
Cash flows from investing activities:		
Cash paid for acquisition of subsidiaries (note 3)	**-**	(38,792,325)
Purchase of property, plant and equipment (note 6)	**(4,223,019)**	(26,023,753)
Proceeds on sale of property, plant and equipment	**1,917,580**	4,213,885
Net cash used by investing activities	**(2,305,439)**	(60,602,193)
Change in cash and cash equivalents	**(7,888,576)**	4,420,335
Cash and cash equivalents, beginning of year	**9,888,351**	4,568,288
Cash collected in conjunction with Westar Oilfield Rentals Inc. acquisition (note 3)	**-**	899,728
Cash and cash equivalents, end of year	**$ 1,999,775**	$ 9,888,351

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

	Number of common shares	Share capital	Warrants	Contributed surplus	Convertible debenture	Deficit	Total
Balance at December 31, 2013	87,881,002	$36,650,333	$453,916	$2,734,634	$221,242	$(10,514,829)	$29,545,296
Issuance of common shares on acquisition (note 3)	3,888,890	2,202,000	-	-	-	-	2,202,000
Issuance of common shares by prospectus	48,435,000	39,569,508	3,031,493	-	-	-	42,601,001
Share issue costs net of tax	-	(3,947,285)	589,674	-	-	-	(3,357,611)
Stock options exercised	1,975,000	512,496	-	(164,496)	-	-	348,000
Warrants exercised	276,736	238,970	(67,629)	-	-	-	171,341
Conversion of convertible debentures	5,800,000	2,743,370	-	-	(157,763)	-	2,585,607
Share-based payments	-	-	-	1,776,483	-	-	1,776,483
Net income	-	-	-	-	-	5,731,399	5,731,399
Balance as at December 31, 2014	148,256,628	$77,969,392	$4,007,454	$4,346,621	$63,479	$(4,783,430)	$81,603,516
Issuance of common shares through private placement (note 12)	4,433,500	1,300,980	472,420	-	-	-	1,773,400
Share issue costs net of tax	-	(95,126)	-	-	-	-	(95,126)
Stock options exercised	150,000	54,900	-	(17,400)	-	-	37,500
Consolidation of common shares (note 12)	(98,937,885)	-	-	-	-	-	-
Warrants expired	-	-	(3,031,493)	-	-	3,031,493	-
Expiry of convertible debentures	-	-	-	63,479	(63,479)	-	-
Share-based payments (note 13)	1,750,000	700,000	-	1,212,443	-	-	1,912,443
Net loss	-	-	-	-	-	(20,307,151)	(20,307,151)
Balance as at December 31, 2015	**55,652,443**	**$79,930,146**	**$1,448,381**	**$5,605,143**	**$ -**	**$(22,059,088)**	**$64,924,582**

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 install underground utilities and to provide tunnelling services. Additionally, the Company rents 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 financial statements of the Company as at December 31, 2015, and December 31, 2014, 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 28, 2016.

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 except for investment properties and certain financial instruments recorded at fair value through profit or loss.

Basis of consolidation

Included in these consolidated financial statements are the financial statements of Enterprise Group, Inc. and its wholly-owned subsidiaries: Enterprise Energy Services Inc., E One Limited., T.C. Backhoe & Directional Drilling Ltd., T.C. Backhoe & Directional Drilling Limited Partnership, T.C. Backhoe Holdings Inc., Artic Therm International Ltd., Calgary Tunnelling & Horizontal Augering Ltd., Pro Tech Construction Inc., Hart Oilfield Rentals Ltd., and Westar Oilfield Rentals, Inc. 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 financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries functional currency. 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 income and comprehensive income.

Critical accounting judgements in applying accounting policies

The following are significant management judgements, 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. Leases

Management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards of ownership. Management evaluates the lease terms and in some cases the lease transaction is not always conclusive in its classification as a finance lease.

Management uses judgement in determining whether modifications to a lease impacts its classification as a finance lease, and impacts the original financial liability. The specific details of the changes will determine if they should be recognized immediately in the statement of income and comprehensive income or as part of the leased assets.

ii. 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. 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.

ii. 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. It is possible that future results could be materially affected by changes in the above factors.

iii. Investment property

The determination of the fair value of the investment property requires the use of estimates based on local market conditions existing at the reporting date. In arriving at estimates of market values, the Company uses an expert in order to apply market knowledge and professional judgement.

iv. Convertible debentures

The valuation of the liability and equity components of the convertible debenture requires the use of estimates in determining the fair value of the two components which include the interest rate that would be obtained on a similar instrument that is not convertible.

v. 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.

vi. 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. The value in use calculation is based on a discounted cash flow model, which incorporated 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.

vii. Impairment of financial assets

At the end of each reporting period, management reviews the individual balances in accounts receivable and assesses their recoverability based on the aging of outstanding balances, historical bad debt experience, indicators of change in customer credit worthiness, and change in customer payment terms, to identify and determine the extent of impairment, if any.

viii. 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.

Financial instruments

The Company classifies financial assets and liabilities as either loans and receivables or other financial liabilities. The classification of a financial asset or liability is determined at the time of initial recognition. Financial instruments are initially recognized at fair value and are measured subsequently as described below. The Company does not enter into derivative contracts.

i. Loans and receivables

The Company's cash and cash equivalents, trade and other receivables, and deposits are classified as loans and receivables. Loans and receivables are subsequently measured at amortized cost using the effective interest method.

ii. Other financial liabilities

The Company's loans and borrowings and trade and other payables are classified as other financial liabilities. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

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.

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 with the exception of one entity of the Company which, due to the nature of the inventory, measures inventory using the average cost method. 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

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.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating and payments are recognized as an expense on a straight-line basis over the lease term.

Investment property

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Related fair value gains and losses arising from changes in the fair values are recorded in the statements of operations and comprehensive income in the period in which they arise. The fair value is determined by a formal independent appraisal completed at least once per year. The last formal appraisal was September 30, 2015.

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 CGU's 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 ten years. Patents are recorded at cost and amortized on a straight line basis, from the date of issuance, over their estimated life of seven years.

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 income and comprehensive income, 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 from service agreements or unit price contracts are recognized based upon the actual services provided within the scope of the agreement, at the pre-determined price or rate for that service, and collectability is reasonably assured. Revenue from rental contracts is recognized in the period in which the rental services have been provided and collectability is reasonably assured. Revenue from rental contracts is measured at fair value net of trade discounts. The Company recognizes revenue when it can be reliably measured, and it is probable that future economic benefits will flow to the Company. 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 and loan transaction costs.

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 per share

Basic earnings 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 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.

Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency of payments;
- it is probable that the borrower will enter bankruptcy or financial re-organization; or
- significant or prolonged decline in the market value of investments below its cost.

For certain categories of financial assets, such as accounts receivable, the Company assesses for evidence of impairment at the specific asset level.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss or credited against the allowance account.

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.

Changes in accounting policies

A number of new and revised standards are effective for annual periods beginning on or after January 1, 2015. Information on these standards is presented below:

IFRS 2 - Share-based Payments

These amendments clarify the definition of vesting conditions and separately define a performance condition and a service condition. The amendments are effective for a share-based payment transaction for which the grant date was on or after July 1, 2014. There was no material impact on the consolidated financial statements as a result of adopting this standard.

IAS 24 - Related Party Disclosures

These amendments clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent is a related party of the reporting entity. The amendments also require an entity to disclosure amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments only affected disclosure and were effective for annual periods beginning on or after July 1, 2014. There was no material impact on the consolidated financial statements as a result of adopting this standard.

Accounting standards issued but not yet applied

Unless otherwise noted, the following revised standards and amendments are effective as noted below, with earlier application permitted.

The following is a brief summary of the new standards:

IFRS 9 - Financial Instruments

The IASB recently released IFRS 9 ‘Financial Instruments’ (2014), representing the completion of its project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. The new standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new ‘expected credit loss’ model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Company's management has yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

IFRS 11 - Joint Arrangements

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 ‘Business Combinations’ and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The Company's management does not expect this new standard to have a material impact on its consolidated financial statements. The amendments are effective for reporting periods beginning on or after January 1, 2016.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

The Company's management has yet to assess the impact of IFRS 15 on these consolidated financial statements. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 - Leases

In January 2016, the IASB issued a new standard on leases. IFRS 16 - Leases will require lessees to recognize assets and liabilities for most leases under a singe accounting model for which all leases will be accounted for, with certain exemptions. For lessors, IFRS 16 is expected to have little change from existing accounting standards (IAS 17 - Leases). IFRS 16 will be effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company's management has yet to assess the impact of IFRS 16 on its financial position or results of operations.

3. Business acquisitions

Westar Oilfield Rentals Inc.
On October 1, 2014, the Company acquired all of the issued and outstanding common shares of Westar Oilfield Rentals Inc. ("Westar"), a privately held oilfield site service infrastructure company, for an aggregate purchase price of $13,500,000 plus working capital and capital expenditure adjustments. The fair value of the total consideration paid was $15,082,000. The acquisition of Westar is consistent with the Company's strategy to acquire complementary companies in Western Canada consolidating capital, management and human resources to support continued growth. The Company accounted for the acquisition using the acquisition method and the operations of Westar have been included in the consolidated financial statements from the date of acquisition. Goodwill acquired with Westar comprises the value of expected synergies arising from the acquisition and the expertise and reputation of the assembled workforce. In addition to the consideration paid at closing, the final purchase price was subject to adjustment based on working capital, approved capital commitments, and assets under construction. Goodwill and intangible assets acquired were $7,499,000 and are non-deductible for income tax purposes.

The cost of the purchase price has been allocated to the net identifiable assets based on their estimated fair values at the date of acquisition are as follows:

Working capital	$	596,000
Property, plant and equipment		8,234,000
Customer relationship - estimated useful life of ten years		1,560,000
Goodwill		5,939,000
Deferred tax liability		(1,247,000)
Net assets acquired	$	15,082,000

The Company acquired the following in working capital:

Cash and cash equivalents	$	246,000
Inventory, deposits and prepaids		393,000
Trade and other payables		(43,000)
Fair value	$	596,000

The Company acquired the following in property, plant and equipment:

Buildings	$	6,000
Leasehold improvements		80,000
Computers and communication equipment		17,000
Small equipment		16,000
Light automotive equipment		266,000
Heavy automotive, construction and portable rental equipment		7,849,000
Fair value	$	8,234,000

The fair value of the purchase consideration is comprised of the following:

Cash	$	12,176,000
Vendor take-back loans		1,436,000
Common shares - 2,500,000		2,000,000
Common shares - fair value adjustment		(530,000)
Total consideration paid	$	15,082,000

The Company incurred acquisition costs of $299,091 during the year ended December 31, 2014, which were expensed through the statement of income. This amount was comprised of due diligence, legal and consulting costs.

As at the date of acquisition, the gross contractual amount of accounts receivable acquired were $nil. Westar's revenue and net income for the period from acquisition to December 31, 2014, were $2,458,000 and $971,000 respectively. Based on unaudited financial information available, management estimates that if the acquisition had occurred January 1, 2014, the Company's consolidated revenues and net income for the year ended December 31, 2014, would have been $86,548,000 and $7,186,000 respectively.

Included in the accounts payable at December 31, 2014, is $899,728 owing to the vendor for the net of cash paid and cash received since the date of acquisition for accounts receivable and accounts payable not purchased by the Company.

Hart Oilfield Rentals Ltd.

On January 3, 2014, the Company acquired all of the issued and outstanding common shares of Hart Oilfield Rentals Ltd. ("Hart"), a privately held oilfield site service infrastructure company, for an aggregate purchase price of $22,600,000 plus working capital adjustments. The fair value of the total consideration paid was $26,618,000. The acquisition of Hart is consistent with the Company's strategy to acquire complementary companies in Western Canada consolidating capital, management and human resources to support continued growth. The Company accounted for the acquisition using the acquisition method and the operations of Hart have been included in the consolidated financial statements from the date of acquisition. Goodwill acquired with Hart comprises the value of expected synergies arising from the acquisition and the expertise and reputation of the assembled workforce. In addition to the consideration paid at closing, the final purchase price was subject to adjustment based on working capital, long-term debt, approved capital commitments, and rental equipment under construction. Goodwill and intangible assets acquired were $5,996,000 and are non-deductible for income tax purposes.

The cost of the purchase price has been allocated to the net identifiable assets based on their estimated fair values at the date of acquisition are as follows:

Working capital	$	2,881,000
Property, plant and equipment		21,560,000
Patent - estimated useful life of nine years		103,000
Customer relationship - estimated useful life of ten years		842,000
Goodwill		5,051,000
Finance lease liability		(736,000)
Deferred tax liability		(3,083,000)
Net assets acquired	$	26,618,000

The Company acquired the following in working capital:

Trade and other receivables	$	3,792,000
Inventory, deposits and prepaids		440,000
Bank indebtedness		(976,000)
Trade and other payables		(375,000)
Fair value	$	2,881,000

The Company acquired the following in property, plant and equipment:

Leasehold improvements	$	353,000
Computers and communication equipment		9,000
Small equipment		251,000
Light automotive equipment		1,800,000
Heavy automotive, construction and portable rental equipment		19,147,000
Fair value	$	21,560,000

The fair value of the purchase consideration is comprised of the following:

Cash	$	25,886,000
Common shares - 1,388,890		1,000,000
Common shares - fair value adjustment		(268,000)
Total consideration paid	$	26,618,000

The Company incurred acquisition costs of $244,242 during the year ended December 31, 2014, which were expensed through the statement of income. This amount was comprised of due diligence, legal and consulting costs.

As at the date of acquisition, the gross contractual amount of accounts receivable acquired were $3,792,000 of which 100% were estimated to be collectable.

Hart's revenue and net income for the period from acquisition to December 31, 2014, were $28,960,000 and $8,976,000 respectively. Based on unaudited financial information available, management estimates that if the acquisition had occurred January 1, 2014, the Company's consolidated revenues and net income for the year ended December 31, 2014, would have been $79,830,000 and $5,863,000 respectively.

4. Financial instruments and risk management

(a) Fair value of financial instruments

The estimated fair value of the Company's financial instruments approximates the amount for which the financial instrument could currently be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. 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, 2015.

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

		2015		2014
Financial assets				
Cash and cash equivalents	**$**	**1,999,775**	$	9,888,351
Trade and other receivables	**$**	**10,807,504**	$	20,516,289
Deposits	**$**	**320,407**	$	421,304
Financial liabilities				
Trade and other payables	**$**	**5,191,954**	$	12,892,518
Loans and borrowings	**$**	**42,507,417**	$	55,059,538

In December 2015 and October 2015, the $1,000,000 letter of credit and the $2,795,000 letter of credit were released from security and the accompanying GICs were redeemed. Proceeds of the GICs were used to pay down debt. These letters of credit, financed with redeemable GICs, were included in the cash and cash equivalents in the prior year.

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.

(b) 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 utilities/infrastructure construction industry, as well as customers in the oil and gas 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 monthly to identify any amounts which are past due and considers if they are impaired. This assessment is done on an invoice by invoice basis. Losses from trade accounts receivable have not historically been significant. As such the Company has recorded a provision of doubtful accounts at December 31, 2015, of $564,000 (December 31, 2014 - $300,419).

The majority of the non current accounts receivable relates to sub division underground utilities installation for large energy and utility providers and as such invoices outstanding over 90 days are not uncommon.

At December 31, 2015, $2,500,000 or 23% of trade receivables were from two customers compared to $6,330,000 or 33% from two customers as at December 31, 2014.

		2015		2014
Current (less than 90 days)	**$**	**9,900,475**	$	19,196,611
Past due (more than 90 days)		**907,029**		1,319,678
Total	**$**	**10,807,504**	$	20,516,289

Included in trade receivables past due (more than 90 days) is $77,000 (December 31, 2014 - $193,000) of holdback receivables.

(c) 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. Management believes that forecasted cash flows from operating activities, along with available lines of credit, will provide sufficient cash requirements to cover the Company's forecasted normal operating activities, commitments and capital expenditures.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at December 31, 2015, and December 31, 2014:

December 31, 2015	**Carrying amount**	**Contractual cash flows**	**Due within one year**	**Two-five years**	**More than five years**
Trade and other payables	$ 5,191,954	$ 5,191,954	$ 5,191,954	$ -	$ -
Loans and borrowings	42,507,417	46,535,545	6,587,626	38,949,340	998,579
Operating lease commitments	-	3,372,089	1,248,683	2,123,406	-
	$ 47,699,371	**$ 55,099,588**	**$ 13,028,263**	**$ 41,072,746**	**$ 998,579**

December 31, 2014	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	$ 12,892,518	$ 12,892,518	$ 12,892,518	$ -	$ -
Loans and borrowings	55,059,538	62,319,514	13,877,856	47,310,235	1,131,423
Operating lease commitments	-	4,325,193	1,123,530	3,201,663	-
	$ 67,952,056	$ 79,537,225	$ 27,893,904	$ 50,511,898	$ 1,131,423

(d) 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, 2015, to impact the Company's annual interest expense by approximately $327,000 (December 31, 2014 - $350,000). 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 net debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, warrants, convertible debenture and deficit).

Years ended December 31	**2015**	2014
Bank loan	**$ 30,415,432**	$ 33,716,737
Current portion of long-term debt	**4,545,409**	11,001,090
Long-term debt	**7,546,576**	9,613,284
Convertible debenture	**-**	1,584,024
Funded debt	**42,507,417**	55,915,135
Shareholders' equity	**64,924,582**	81,603,516
Total capital	**$ 107,431,999**	$ 137,518,651

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

"Unfinanced Capital Expenditures" - 100% of capital expenditures less third party capital contributed for the specific purposes of financing those Capital Expenditures, less new third party debt advanced for the specific purpose of financing those Capital Expenditures

"Fixed Charge Coverage Ratio" - EBITDA[1] less unfinanced capital expenditures, less taxes paid divided by fixed charges.

"Fixed Charges" - the total of all cash used to make interest payments and charges under the bank loan facility, finance lease payments and any other debt payments incurred by the Company.

"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[1] for the 12 month period ended as of such date.

“Senior Funded Debt” – the total of outstanding debt under the bank loan facility, including finance leases and all other senior debt incurred by the Company.

The Company's covenants are as follows:

	December 31, 2015	**Minimum Required**	December 31, 2014	Minimum Required
Fixed charge coverage ratio	**waived**	N/A	2.02	To exceed 1.25
Senior leverage ratio	**waived**	N/A	2.15	Not to exceed 2.5
Capital expenditure	**$3,383,551**	Not to exceed $6,000,000	$22,995,000	Not to exceed $25,000,000

As at December 31, 2015, the senior leverage ratio and fixed charge coverage ratio have been waived. The Company is in compliance with all other covenants. Further discussion on the Company's covenants are included in Note 11a.

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, 2015 the Company has met these objectives.

Fair value determination

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5. Inventories

Years ended December 31	**2015**	2014
Inventory, parts and supplies	**$ 1,740,933**	$ 2,702,278

Inventory, parts and supplies expensed in direct expenses during the year ended December 31, 2015, was $5,991,414 (2014 - $7,132,000).

6. Property, plant and equipment

Cost or deemed cost	**Balance at December 31, 2014**	**Additions**	**Disposals**	**Reclassified**	**Impairment**	**Balance at December 31, 2015**
Buildings	$ 470,064	$ 123,261	$ -	$ -	$ -	**$ 593,325**
Leasehold improvements	787,053	48,526	-	-	-	**835,579**
Computers and communication equipment	494,043	154,595	(6,136)	15,697	-	**658,199**
Small equipment	3,101,743	151,944	(2,572)	(63,041)	-	**3,188,074**
Light automotive equipment	5,334,190	174,786	(359,569)	105,148	-	**5,254,555**
Heavy automotive, construction and portable rental equipment	95,974,842	6,605,176	(2,933,495)	(57,804)	(7,338,735)	**92,249,984**
Property plant & equipment under construction	2,022,261	998,899	(1,571,863)	-	-	**1,449,297**
	$ 108,184,196	**$ 8,257,187**	**$ (4,873,635)**	**$ -**	**$ (7,338,735)**	**$ 104,229,013**

	Accumulated depreciation				Carrying amounts	
	Balance at December 31, 2014	Depreciation for the period	Disposals	Balance at December 31, 2015	Balance at December 31, 2014	Balance at December 31, 2015
Buildings	$ 10,562	$ 4,942	$ 5,854	**$ 21,358**	$ 459,502	**$ 571,967**
Leasehold improvements	246,243	174,226	-	**420,469**	540,810	**415,110**
Computers and communication equipment	178,718	135,159	(870)	**313,007**	315,325	**345,192**
Small equipment	1,373,344	183,038	1,395	**1,557,777**	1,728,399	**1,630,297**
Light automotive equipment	1,327,378	551,944	(49,525)	**1,829,797**	4,006,812	**3,424,758**
Heavy automotive, construction and portable rental equipment	10,343,592	7,535,209	(1,154,462)	**16,724,339**	85,631,250	**75,525,645**
Property plant & equipment under construction	-	-	-	**-**	2,022,261	**1,449,297**
	$ 13,479,837	**$ 8,584,518**	**$ (1,197,608)**	**$ 20,866,747**	**$ 94,704,359**	**$ 83,362,266**

Cost or deemed cost	Balance at December 31, 2013	Additions	Disposals	Balance at December 31, 2014
Land	$ 375,000	$ -	$ (375,000)	$ -
Buildings	603,524	225,900	(359,360)	470,064
Leasehold improvements	185,642	601,411	-	787,053
Computers and communication equipment	231,479	262,564	-	494,043
Small equipment	2,611,574	589,085	(98,916)	3,101,743
Light automotive equipment	2,442,364	3,283,799	(391,973)	5,334,190
Heavy automotive, construction and portable rental equipment	34,237,668	66,378,027	(4,640,853)	95,974,842
Property plant & equipment under construction	1,215,941	2,022,261	(1,215,941)	2,022,261
	$ 41,903,192	$ 73,363,047	$ (7,082,043)	$ 108,184,196

	Accumulated depreciation				Carrying amounts	
	Balance at December 31, 2013	Depreciation for the year	Disposals	Balance at December 31, 2014	Balance at December 31, 2013	Balance at December 31, 2014
Land	$ -	$ -	$ -	$ -	$ 375,000	$ -
Buildings	20,999	7,702	(18,139)	10,562	582,525	459,502
Leasehold improvements	134,650	111,593	-	246,243	50,992	540,810
Computers and communication equipment	121,933	56,785	-	178,718	109,546	315,325
Small equipment	1,047,864	354,376	(28,896)	1,373,344	1,563,710	1,728,399
Light automotive equipment	845,947	700,215	(218,784)	1,327,378	1,596,417	4,006,812
Heavy automotive, construction and portable rental equipment	6,873,569	5,308,899	(1,838,876)	10,343,592	27,364,099	85,631,250
Property plant & equipment under construction	-	-	-	-	1,215,941	2,022,261
	$ 9,044,962	$ 6,539,570	$ (2,104,695)	$ 13,479,837	$ 32,858,230	$ 94,704,359

Included in the carrying amount of $85,691,338 is $1,417,809 (2014 - $2,022,261) of heavy automotive, construction and portable rental equipment under construction and $31,488 (2014 - $nil) of computers and equipment , which is not being depreciated as they are not yet available for use.

Included in the additions of $73,363,047 for the year ended December 31, 2014, was $8,234,000 of property, plant and equipment related to the Westar acquisition and $21,560,000 of property, plant and equipment related to the Hart acquisition.

As a result of the severe decline in activity within the energy industry, triggered by the reduction in oil prices, pricing reductions for the Company's services and numerous project delays due to economic uncertainty in Western Canada, the Company has recognized an impairment of $7,338,735 (2014 - $nil) in its property, plant and equipment at December 31, 2015. The Utilities/Infrastructure Construction Division recorded an impairment of $2,344,269 and the Equipment Rental Division recorded an impairment of $4,994,466. The impairment was calculated in accordance with the Company's accounting policies, on the basis of fair value less cost of disposal and value in use. Fair value less cost of disposal was used for property, plant and equipment not required to achieve the cashflow projections included in the value in use calculations for the CGU. The fair value less cost of disposal calculation was based on third party appraisals and other unobservable inputs (level 3 of the fair value hierarchy) using primarily the sales comparison approach. The calculation of value in use for the remaining property, plant and equipment was based on the same key assumptions utilized in the goodwill impairment analysis per note 8. The key assumptions in determining fair value less costs of disposal are the comparability of the assets used in the sales comparison approach and any adjustments made to take into account differences, as well as the estimated costs of disposal.

7. Investment property

On September 30, 2015, the Company obtained an independent appraisal of the investment property. The appraisal determined that there was no material change to the fair value of the property and as such no adjustments were made to the carrying value of $3,910,000.

On June 19, 2013, Enterprise acquired all of the issued and outstanding common shares of Pro Tech Construction Inc. for total consideration of $2,050,000. This acquisition was not a business combination and the purchase price was allocated to the only asset acquired, which was investment property. The Company classified this asset as level 3 on the fair value hierarchy. On September 30, 2014, an independent professionally qualified appraiser valued the investment property at $3,910,000 and as such the carrying value was increased to agree to the valuation of $3,910,000 as reported.

The appraisals were carried out using the Direct Comparison Approach which involves comparing similar properties that have sold or are listed for sale, often on a unit basis, applying adjustments for differences between the properties. The significant unobservable input is the adjustment for factors specific to the property. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for the valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

8. Goodwill

Carrying amount of goodwill allocated to each CGU	December 31, 2014	Impairment	December 31, 2015
Artic Therm International Ltd.	$ 1,558,530	$ -	**$ 1,558,530**
Calgary Tunnelling & Horizontal Augering Ltd.	3,199,774	3,199,774	**-**
Hart Oilfield Rentals Ltd.	5,050,527	-	**5,050,527**
Westar Oilfield Rentals Inc.	5,939,000	4,141,000	**1,798,000**
	$ 15,747,831	$ 7,340,774	**$ 8,407,057**

At December 31, 2015, the Company performed its annual goodwill impairment test in accordance with its policy as described in note 2. As a result of the severe decline in activity within the energy industry, triggered by the reduction in oil prices, pricing reductions for the Company's services and numerous project delays due to economic uncertainty in Western Canada. Based on the result of this test, the Company concluded that the recoverable amount of Calgary Tunnelling & Hortizontal Auguering Ltd. and Westar Oilfiled Rentals Inc. were less than their carrying amount which indicated that goodwill was impaired.

Management believes that the methodology used to test impairment of goodwill, which involves a significant number of judgments and estimates, provides a reasonable basis for determining whether an impairment has occurred. Many of the factors used in determining whether or not goodwill is impaired are outside management's control and involve inherent uncertainty. Therefore, actual results could differ from those estimated. It is reasonably likely that assumptions and estimates will change in future periods and could have a significant impact on the recoverable amount of a CGU, resulting in impairments. In performing the goodwill impairment test, the Company compares the recoverable amount of its CGUs to their respective carrying amounts. If the carrying amount of a CGU is higher than its recoverable amount, an impairment charge is recorded as a reduction in the carrying amount of the goodwill on the consolidated statements of financial position and recognized as a non-cash impairment charge in income.

The Company estimated the recoverable amount by using the value-in-use approach. It estimated fair value using market information and discounted after-tax cash flow projections, which is known as the income approach. The income approach used a CGU's projection of estimated operating results and discounted cash flows based on a discount rate that reflects current market conditions. The Company used cash flow projections from financial forecasts covering a five-year period. For its December 31, 2015 impairment test, the Company discounted its CGUs' cash flows using after-tax discount rates. The implied pre-tax discount

rates are as follows: Calgary Tunnelling & Hortizontal Auguering Ltd. 37.4% (2014 - 32.7%); Artic Therm International Ltd. 38.2% (2014 - 30.7%); Hart Oilfield Rentals Ltd. 41.9% (2014 - 35.4%); and Westar Oilfield Rentals Inc. 33.5% (2014 - 27.4%). To arrive at cash flow projections, the Company used estimates of economic and market information over the projection period. If market and economic conditions deteriorate or if volatility in the financial markets causes declines in the Company's share price, increases the weighted average cost of capital, or changes valuation multiples or other inputs to its goodwill assessment, the Company may need to test its goodwill for impairment between its annual testing periods. In addition, it is possible that changes in the numerous variables associated with the judgments, assumptions, and estimates made by management in assessing the fair value of the Company's goodwill could cause its CGUs to be impaired. Goodwill impairment charges are non-cash charges that could have a material adverse effect on the Company's consolidated financial statements but in themselves do not have any adverse effect on its liquidity, cash flows from operating activities, or debt covenants and will not have an impact on its future operations.

The calculation of value-in-use for all CGUs is most sensitive to the following assumptions:

i. Forecast revenue projections
ii. Discount rates

We performed sensitivity analysis on these keys assumptions:

Calgary Tunnelling & Hortizontal Auguering Ltd.
Based on a decrease of 10% of the projected annual revenues, the potential impairment charge would increase by $167,000;
Based on an increase of 1% in the discount rate, the potential impairment charge would increase by $410,000;

Artic Therm International Ltd.
Based on a decrease of 10% of the projected annual revenues, the impairment would be $349,000;
Based on an increase of 1% in the discount rate, the impairment would be $142,000;

Hart Oilfield Rentals Ltd.
Based on a decrease of 10% of the projected annual revenues, the impairment would be $1,113,000;
Based on an increase of 1% in the discount rate, the impairment would be $433,000;

Westar Oilfield Rentals Inc.
Based on a decrease of 10% of the projected annual revenues, the potential impairment charge would increase by $903,000; and
Based on an increase of 1% in the discount rate, the potential impairment charge would increase by $345,000.

In the Calgary Tunnelling & Hortizontal Augering CGU, given that there are no intangibles or property, plant and equipment carried in excess of the recoverable amounts, no additional impairment would be taken.

9. Intangible assets

Cost or deemed cost	Balance at December 31, 2013	Additions (note 3)	Balance at December 31, 2014	Impairment	Balance at December 31, 2015
Patent	$ 350,284	$ 103,000	$ 453,284	$ (144,000)	**$ 309,284**
Customer relationships	4,589,638	2,402,000	6,991,638	(2,209,000)	**4,782,638**
	$ 4,939,922	**$ 2,505,000**	**$ 7,444,922**	**$ (2,353,000)**	**$ 5,091,922**

			Accumulated amortization			Carrying amounts	
Amortization	Balance at December 31, 2013	Amortization for the year	Balance at December 31, 2014	Amortization for the year	Balance at December 31, 2015	Balance at December 31, 2014	Balance at December 31, 2015
Patent	$ 54,211	$ 55,509	$ 109,720	$ 61,485	$ 171,205	$ 343,564	**$ 138,079**
Customer relationships	1,116,099	553,381	1,669,480	667,855	2,337,335	5,322,158	**2,445,303**
	$ 1,170,310	**$ 608,890**	**$ 1,779,200**	**$ 729,340**	**$ 2,508,540**	**$ 5,665,722**	**$ 2,583,382**

As a result of the severe decline in activity within the energy industry, triggered by the reduction in oil prices, pricing reductions for the Company's services and numerous project delays due to economic uncertainty in Western Canada, the Company has recognized an impairment of $2,353,000 (2014 $nil) in its intangible assets at December 31, 2015. Utilities/Infrastructure Construction Division recorded an impairment of $2,209,000 and the Equipment Rental Division recorded an impairment of $144,000. The impairment was calculated in accordance with the Company's accounting policies, on the basis of value in use. The calculation of value in use was based on the same key assumptions utilized in the goodwill impairment analysis per note 8.

10. Income taxes

The actual income tax provision differs from the expected amount calculated by applying the statutory provincial and federal income tax rates to income before tax. The rate changed during the year due to changes in the provincial statutory rate. These differences result from the following:

Years ended December 31	**2015**	2014
(Loss) income before income tax	**$ (23,789,003)**	$ 9,064,446
Expected tax rate	**26.01 %**	25.00 %
	(6,187,520)	2,266,112
Decrease resulting from		
Rate differences	**494,627**	103,430
Non taxable items	**499,567**	471,482
Other	**49,567**	38,815
Prior period adjustments	**(61,110)**	470,798
Change in unrecognized temporary differences	**1,723,017**	(17,590)
Income tax (recovery) expense	**$ (3,481,852)**	$ 3,333,047

(a) Components of income tax expense are:

Years ended December 31	**2015**	2014
Current tax expense	**$ (542,511)**	$ 2,024,464
Deferred tax expense	**(2,939,341)**	1,308,583
Income tax (recovery) expense	**$ (3,481,852)**	$ 3,333,047

(b) Deferred tax assets and liabilities are attributable to the following:

Years ended December 31	**2015**	2014
Deferred tax assets		
Intangibles	**$ 1,076,764**	$ 1,038,990
Property, plant and equipment	**5,509**	128,981
Finance fees	**25,660**	123,244
Finance lease obligation	**2,633,435**	2,935,161
Share issue costs	**738,723**	906,522
Investment tax credits	**16,059**	-
Donations carryforwards	**510**	-
Non-capital losses	**6,515,646**	2,556,841
Deferred tax assets	**11,012,306**	7,689,739
Offset by deferred tax liabilities below	**(7,513,031)**	(202,434)
Net deferred tax assets	**$ 3,499,275**	$ 7,487,305
Deferred tax liabilities		
Property, plant and equipment	**$ (12,607,765)**	$ (11,194,411)
Finance fees	**-**	(261)
Intangibles	**(648,491)**	(1,353,337)
Investment property	**(250,005)**	(232,500)
Unbilled revenue	**(600,685)**	(943,211)
Deferred tax liabilities	**(14,106,946)**	(13,723,720)
Offset by deferred tax assets above	**7,513,031**	202,434
Net deferred tax liabilities	**$ (6,593,915)**	$ (13,521,286)
Net deferred tax liability	**$ (3,094,640)**	$ (6,033,981)

Movement in temporary differences during the years ended December 31, 2015 and December 31, 2014:

For the year ended December 31, 2015	**Balance December 31, 2014**	**Recognized in Profit and Loss**	**Recognized Directly in Equity**	**Acquired in a Business Combination**	**Balance December 31, 2015**
Non capital losses	$ 2,780,249	$ 3,735,397	$ -	$ -	**$ 6,515,646**
Share issue costs	906,522	(167,799)	-	-	**738,723**
Intangibles	1,038,990	37,774	-	-	**1,076,764**
Finance lease obligation	3,823,641	(1,190,206)	-	-	**2,633,435**
Property, plant and equipment	(12,177,318)	(424,938)	-	-	**(12,602,256)**
Finance fees	123,244	(97,584)	-	-	**25,660**
Unbilled revenue, net of AR holdbacks	(943,211)	342,526	-	-	**(600,685)**
Investment property	(232,500)	(17,505)	-	-	**(250,005)**
Long-term debt	(261)	261	-	-	**-**
Investment tax credits	-	16,059	-	-	**16,059**
Donation carryforwards	-	510	-	-	**510**
Intangibles	(1,353,337)	704,846	-	-	**(648,491)**
	$ (6,033,981)	**$ 2,939,341**	**$ -**	**$ -**	**$ (3,094,640)**

For the year ended December 31, 2014	Balance December 31, 2013	Recognized in Profit and Loss	Recognized Directly in Equity	Acquired in a Business Combination	Balance December 31, 2014
Non capital losses	$ 1,474,348	$ 1,305,901	$ -	$ -	$ 2,780,249
Share issue costs	107,331	-	799,191	-	906,522
Intangibles	739,582	299,408	-	-	1,038,990
Finance lease obligation	721,918	3,101,723	-	-	3,823,641
Property, plant and equipment	(4,303,317)	(4,265,267)	-	(3,608,734)	(12,177,318)
Finance fees	(10,699)	133,943	-	-	123,244
Unbilled revenue, net of AR holdbacks	-	(943,211)	-	-	(943,211)
Investment property	-	(232,500)	-	-	(232,500)
Long-term debt	-	(261)	-	-	(261)
Intangibles	-	(708,337)	-	(645,000)	(1,353,337)
Investment tax credits	-	-	-	-	-
Donation carryforwards	-	-	-	-	-
Other	(17)	17	-	-	-
	$ (1,270,854)	$ (1,308,584)	$ 799,191	$ (4,253,734)	$ (6,033,981)

The non-capital losses expire between 2028 and 2035. Deferred tax assets have not been recognized as at December 31, 2015, for deductible temporary differences of $1,197,553 (2014 - $1,172,438) and tax losses of $12,000 (2014 - $12,000). Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

11. 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.

Years ended ended December 31	**2015**	2014
Current portion of loans and borrowings		
Current portion of vendor take-back loans	**$ 762,624**	$ 1,262,125
Convertible debenture	**-**	1,584,024
Term loan facilities	**251,801**	326,818
Current portion of finance lease liabilities	**3,449,490**	7,749,885
Current portion of mortgage facilities	**81,494**	78,238
Total current portion of loans and borrowings	**4,545,409**	11,001,090
Non-current portion of loans and borrowings		
Bank loan facility	**30,415,432**	33,716,737
Vendor take-back loans	**-**	728,427
Term loan facilities	**23,346**	314,912
Finance lease liabilities	**6,303,020**	7,996,668
Mortgage facilities	**1,220,210**	1,301,704
Total non-current portion loans and borrowings	**37,962,008**	44,058,448
Total loans and borrowings	**$ 42,507,417**	$ 55,059,538

(a) Bank loan facility

The Company has drawn $30,677,124 less transaction costs of $261,692 at December 31, 2015, (2014 - $34,121,000 less transaction costs of $404,000) and the effective interest rate was 4.2% (2014 – 4.5%).

As at December 31, 2015 the fixed charge coverage ratio and senior leverage ratio have been waived. The Company is in compliance with all other covenants.

Effective March 23, 2016, the Company amended the covenants to its bank loan facility. Beginning March 31, 2016, the Company is required to maintain a senior leaverage ratio of not greater than 7.50, June 30, 2016, 6.00; Dec 31, 2016, 4.25; March 31, 2017, 3.75; June 30, 2017, 3.50. The Company is also required to maintain EBITDA of not less than 85% of forecast from March 31, 2016 to September 30, 2016. Begininng December 31, 2016, the Company will be required to maintain a fixed charge coverage ratio of not less than 1.25. The interest rate on the facility increased from prime plus 1.5% to prime plus 3.5% over the remaining term of the loan and the capital expenditure program cannot exceed $1,500,000 in any fiscal year. All other terms and conditions of the facility remain unchanged.

Effective June 30, 2015, the Company amended the covenants to its bank loan facility. As a result of the amendment, the Company was required to maintain a senior leverage ratio of not greater than 3.25:1.00 beginning June 30, 2015, and 2.50:1.00 beginning March 31, 2016 and each quarter thereafter; a fixed charge coverage ratio of not less than 1.10:1.00 beginning June 30, 2015, 1.00:1.00 beginning September 30, 2015 and 1.25:1.00 beginning March 31, 2016 and eachquarter thereafter; cash maintained outside of the bank loan facility was to be not greater than $6,800,000 beginning July 1, 2015 and not greater than $3,000,000 beginning September 1, 2015 and thereafter. All other terms and conditions of the facility are unchanged.

On October 10, 2014, the Company increased its available bank loan facility from $35,000,000 to a maximum of $45,000,000, decreased its interest rate from prime plus 2% to prime plus 1.5%, and changed the capital expenditure covenant allowing the Company's 2014 capital expenditure program to grow from $20,000,000 to $25,000,000. As a result of the amendment, the Corporation was required to maintain on a rolling twelve-month basis, a senior leverage ratio (ratio of senior debt to trailing twelve month EBITDA [1]) of not greater than 2.5:1.0. All other terms and conditions of the facility did not change. As at December 31, 2014, the Company was in compliance with the required covenants. The facility was secured by a first charge on all the Company's assets except those secured with other lenders as disclosed below.

On January 3, 2014, the Company increased its available bank loan facility from $20,000,000 to a maximum of $35,000,000, and changed the capital expenditure covenant which allowed the Company's 2014 capital expenditure program to grow from $11,000,000 to $20,000,000. As a result of the amendment, the Corporation was required to maintain on a rolling twelve-month basis, a senior leverage ratio (ratio of senior debt to trailing twelve month EBITDA[1]) of not greater than 3.25:1.0, 3.00:1.0 beginning March 31, 2014, 2.75:1.0 beginning June 30, 2014, 2.50:1.0 beginning September 30, 2014, 2.25:1.0 beginning December 31, 2014 and thereafter 2.00:1.0 beginning March 31, 2015 until the facility matures, September 7, 2017.

(b) Convertible debenture

On May 21, 2013, the Company completed a private placement of unsecured subordinated convertible debentures of the Company for gross proceeds of $5,999,000 less transaction costs of $473,000. The debentures had a two year term and bore contractual interest at 6% per annum payable June 30, 2013 and quarterly thereafter. The debentures were convertible into common shares of the Company at a price of $0.50 per share and had an effective rate of 13.2% per annum. All securities issued in connection with this offering were subject to a statutory four-month hold period from the date of issuance. At initial recognition, the Company allocated the proceeds between liability and equity. The allocation was performed by first estimating the fair value of the debentures which is the liability in absence of the conversion feature using a market rate of 9%. The Company then used the residual method to determine the value of the equity component represented by the conversion feature. The amounts allocated between equity and liability, net of transaction costs were $301,000 and $5,225,000 respectively. Subsequent to initial recognition, the liability component is amortized using the effective interest method. The equity component was not re-measured after initial recognition. As at December 31, 2015, $4,355,000 (2014 - $4,198,000), of debentures were converted into common shares.

(c) Vendor take-back loans

In connection with the financing of the Westar acquisition per note 3, the Company agreed to vendor take-back loans of a fair value of $1,436,000 (face value of $1,500,000). The loans bear interest at an effective rate of 5% (stated rate of prime (3%)) and are payable over two years. The first installment of $750,000 plus accrued interest was paid on October 1, 2015. The second and final installment is due on the second anniversary date.

In connection with the financing of the CTHA acquisition in 2013, the Company agreed to vendor take-back loans of a fair value of $892,000 (face value of $1,000,000). The loans bore interest at an effective rate of 8% (stated rate of prime (3%)) and were payable over two years. The first installment of $500,000 plus accrued interest was paid on the first anniversary of the effective date of the purchase agreement of June 14, 2013. The second and final installment of $500,000, plus accrued interest, was fully paid in July 2015.

(d) Term loan facilities

The Company has an outstanding term loan facility at December 31, 2015, of $275,147 (2014 - $641,730). The facility is secured by specific equipment, a general security agreement on all assets of the Company and guarantees by both the Company and an officer and director. Terms of the facility are outlined below.

	Date of origin	Original face value	Original fair value	Effective interest rate	Stated interest rate	Term of facility	Net book value of collateral	**Carrying value net of transaction costs 2015**	Carrying value net of transaction costs 2014
Term loan facility #1	Dec 2012	$1,091,100	$997,530	5.735%	0%	48 months	$1,029,261	**$275,147**	$508,427
Term loan facility #2	May 2012	$410,000	$380,047	5.475%	0%	48 months	$-	**-**	133,303
								$275,147	$641,730

(e) Finance lease liabilities

The Company has outstanding lease liabilities on various equipment of $9,752,510 as at December 31, 2015 (2014 - $15,746,553). The leases bear interest from 0 - 10.80%, have cumulative monthly payments of $394,749 (2014 - $711,798) and mature at various times over the next 1 - 5 years. The leases are secured by specific equipment with a net book value of $15,045,205 (2014 - $19,256,594) of which $1,568,613 (2014 - $2,050,641) pertains to light automotive equipment and $13,467,591 (2014 - $17,205,953) pertains to heavy automotive, construction and portable rental equipment.

During the year, a finance lease liability was modified and resulted in a decrease of the purchase price option at the end of the lease by $322,544. The modification was due to cost over runs related to the equipment associated with the lease and as such, the gain of $322,544 has been included in direct costs.

	Totals	**Due within one year**	**Two-five years**	**More than five years**
Present value of minimum lease payments	$9,752,510	$3,449,490	$6,303,020	$ -
Interest	1,046,278	548,725	497,553	-
Future minimum lease payments	$10,798,788	$3,998,215	$6,800,573	$ -

(f) Mortgage facility

In connection with the acquisition of the investment property described in note 7, the Company obtained a demand mortgage facility in the amount of $1,500,000. The loan is repayable over 180 months and bears interest at prime plus 1% with monthly blended payments of $11,095. The mortgage is secured by a promissory note, first charge on the investment property and corporate guarantees. The outstanding balance at December 31, 2015 was $1,301,704 (2014 - $1,379,942). The facility is secured by land with a fair value of $3,910,000 (2014 - $3,910,000). The lender has waived the demand provision for the next 365 days after year end provided there are no events of default.

On October 15, 2014, the Company sold its land and buildings for gross proceeds of $1,000,000 less transaction costs of $40,698 and paid out its previous mortgage facility. The outstanding balance of the facility was $286,169 plus interest. At the time of the sale, the land and building had a net book value of $701,322 and the Company recorded a gain on sale of $268,678.

12. Share capital

Authorized:

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

Changes in issued share capital are described in the Share-based payments note contained in these financial statements.

On June 24, 2015, the Company proceeded with a consolidation of its outstanding common shares on the basis of one (1) post-consolidation common share for every three (3) pre-consolidation common shares held (the "Consolidation"). The Consolidation was approved at the annual and special meeting of shareholders held on May 28, 2015. Listed warrants ("Listed Warrants") of the Company trading on the TSX under the symbol "E.WT" (expiring on December 20, 2015) will continue to be traded on the TSX under such symbol following the Consolidation of its common shares. The Listed Warrants were not consolidated. Following the Consolidation, each three (3) Listed Warrants will entitle the holder to purchase one post-consolidated common share of the Company at the adjusted total exercise price of $3.00. All share information presented in these financial statements has been retroactively adjusted to reflect the reduced number of shares resulting from this consolidation.

13. 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 two 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, 2015	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Stock options, beginning of year	14,360,000	$ 0.64	26
Exercised	(150,000)	$ 0.25	-
Forfeited	(1,308,500)	$ 0.73	-
Consolidation of outstanding stock options	(8,644,333)	$ -	-
Stock options, end of year	**4,322,167**	**$ 2.22**	14
Exercisable stock options, December 31, 2015	**2,857,043**	**$ 2.16**	12

As described in Note 12, the Company consolidated its outstanding shares on a 3 for 1 basis. Stock options have been consolidated on the same basis with the exercise price increasing by a factor of 3.

Outstanding stock options December 31, 2014	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Stock options, beginning of year	8,100,000	$ 0.56	27
Granted	7,635,000	$ 0.83	31
Exercised	(1,275,000)	$ 0.16	4
Forfeited	(100,000)	$ 0.95	-
Stock options, end of year	14,360,000	$ 0.73	26
Exercisable stock options, December 31, 2014	5,816,298	$ 0.64	21

For the year ended December 31, 2015, a forfeiture rate of 10.0% (2014 – 10.0%) was used when recording share-based compensation for options that vest over time. This estimate is adjusted to the actual forfeiture rate. The Company recorded share-based compensation expense of $1,912,443 for the year ended December 31, 2015 ($1,776,483 – 2014) of which $700,000 relates to units in the offering (note 12) issued to certain directors and officers of the Company.

The weighted average fair value of options granted during the year ended December 31, 2014 was $0.36 which was estimated using the Black-Scholes Option Pricing Model under the following assumptions:

	2015	2014
Expected term	**nil**	1 - 3 years
Risk-free interest	**nil**	1.08 - 1.13%
Expected dividends	**nil**	nil
Expected volatility	**nil**	80%
Forfeiture rate	**nil**	10%

(b) Share purchase warrants

Years ended ended December 31	**2015**			2014		
	Number	**Weighted average exercise price**	**Value**	Number	Weighted average exercise price	Value
Warrants outstanding, beginning of year	12,932,305	$ 0.98	$ 4,007,455	1,411,541	$ 0.76	$ 453,916
Issued	6,183,500	$ 0.50	$ 472,419	11,797,500	$ 1.00	3,621,167
Expired	(10,417,500)	$ 1.00	$ (3,031,493)	-	-	-
Exercised	-	$ -	$ -	(276,736)	$ 0.62	(67,628)
Impact of share consolidation	(1,676,537)	$ -	$ -	-	-	-
Warrants outstanding, end of year	**7,021,768**	**$ 0.77**	**$1,448,381**	12,932,305	$ 0.98	$ 4,007,455

On October 2, 2015, the Company closed a non-brokered private placement of 6,183,500 units of the Company at a price of $0.40 per unit for aggregate gross proceeds of $2,473,400. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of $0.50 per warrant at any time prior to 24 months from the date of close. The private placement included 700,000 units issued to related parties of the Company. The warrants were valued at $472,419 using the Black-Scholes Option Pricing Model.

The fair value of the warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

		2015
Share price		$0.28
Exercise price	-	$0.50
Expected term		24 months
Risk-free interest		0.5%
Expected dividends		nil
Volatility		80%

On March 25, 2014, the Company closed a bought deal of 27,600,000 common shares, at a price of $1.00 per common share for aggregate gross proceeds of $27,600,000. In addition, the Company issued to the Underwriters 1,380,000 of non-transferable common share purchase warrants (broker warrants) equal to 5% of the total number of common shares issued pursuant to the Offering. Each broker warrant will entitle the holder thereof to acquire one common share at an exercise price of $1.00 per share for a period of 24 months following closing of the Offering. The broker warrants were valued at $589,674 using the Black-Scholes Option Pricing Model.

The fair value of the broker warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

	2014
Share price	$0.99
Exercise price	$1.00
Expected term	24 months
Risk-free interest	1.06%
Expected dividends	nil
Volatility	80%

On December 13, 2013, the Company closed an overnight marketed public offering (the Offering) of subscription receipts of the Company. On January 3, 2014, proceeds from the offering were released from escrow and the 20,835,000 subscription receipts, at a price of $0.72 per subscription receipt for aggregate gross proceeds of $15,001,200, were converted into 20,835,000 common shares and 10,417,500 common share purchase warrants. Each share purchase warrant will entitle the holder thereof to acquire one common share at an exercise price of $1.00 per share for a period of 24 months following closing of the Offering. The share purchase warrants were valued at $3,031,493 using the Black-Scholes Option Pricing Model.

The fair value of the broker warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

	2014
Share price	$0.79
Exercise price	$1.00
Expected term	24 months
Risk-free interest	1.07%
Expected dividends	nil
Volatility	80%

In addition, the Company issued to the Underwriters 1,250,100 of non-transferable common share purchase warrants (broker warrants) equal to 6% of the total number of subscription receipts issued pursuant to the Offering. Each broker warrant will entitle the holder thereof to acquire one common share at an exercise price of $0.80 per share for a period of 24 months following closing of the Offering. The broker warrants were valued at $425,534 using the Black-Scholes Option Pricing Model.

The fair value of the common share purchase warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

	2013
Share price	$0.79
Exercise price	$0.80
Expected term	24 months
Risk-free interest	1.07%
Expected dividends	nil
Volatility	80%

14. (Loss) earnings per share

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

Years ended December 31	2015	2014
Weighted average common shares outstanding – basic	**50,990,059**	46,133,986
Effect of stock options and warrants	**-**	764,207
Effect of warrants	**-**	16,911
Weighted average common shares – diluted	**50,990,059**	46,915,104
Net (loss) income	**$(20,307,151)**	$5,731,399
Basic (loss) earnings per share	**$(0.40)**	$0.12
Diluted (loss) earnings per share	**$(0.40)**	$0.12

In calculating diluted earnings per common share for the year ended December 31, 2015, the Company excluded 4,322,167 stock options and 7,021,768 warrants (2014 – 3,865,000 stock options, the convertible debentures and 11,797,500 warrants respectively), as their impact was anti-dilutive.

15. Related party transactions

The Company has entered into various transactions in the normal course of business with corporations controlled by officers and directors of the Company and corporations that have common ownership. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to companies controlled by Leonard Jaroszuk, President and Chief Executive Officer, and Doug Bachman, former Chief Operating Officer, as compensation for serving the Company in those roles. Equipment rental fees of $75,000 were paid to a corporation controlled by two officers and two directors of the Company, to rent equipment required for operating activities.

As part of managing the Company's fleet of equipment, during the fourth quarter of 2015, the Company sold $419,599 of equipment to a corporation controlled by two officers and two directors of the Company. The exchange amount was agreed to by the parties and resulted in a gain on sale of $nil to the Company.

Years ended December 31		2015		2014
Management and consulting fees	**$**	**1,101,494**	$	1,013,640
Equipment rental		**75,000**		-
	$	**1,176,494**	$	1,013,640
Proceeds on equipment sold	**$**	**419,599**	$	-

Key management compensation

Years ended December 31	2015	2014
Salaries and directors' fees	**$1,217,269**	$1,635,659
Share-based payments	**1,295,823**	895,726
	$2,513,092	$2,531,385

16. Supplemental cash flow information

Years ended December 31	**2015**	2014
(a) Changes in non-cash working capital:		
Trade and other receivables	$ **9,708,785**	$ (8,729,239)
Unbilled revenue	**1,783,938**	(407,464)
Inventories	**961,345**	(620,996)
Deposits and prepaid expenses	**587,224**	670,790
Trade and other payables	**(7,700,565)**	5,172,980
Income taxes payable	**(2,824,114)**	1,634,752
	$ **2,516,613**	$ (2,279,177)
(b) Other non-cash transactions:		
Equipment purchased under finance leases	**2,495,435**	16,526,718
	$ **2,495,435**	$ 16,526,718

(c) Cash taxes paid

Cash taxes paid for the period ended December 31, 2015 was $2,033,167 (2014 - $389,712).

17. Segmented information

The Company operates in two main business segments in Western Canada, utilities/infrastructure construction and equipment rental. The business segments presented reflect the management structure of the Company and the way the Company's management reviews business performance.

The accounting policies and practices of the reportable segments are the same as those described in note 2.

Year ended December 31	**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**2015**
Revenues	$ 30,848,087	$ 29,775,109	$ -	$ **60,623,196**
EBITDA	4,110,343	7,944,784	(4,148,278)	**7,906,849**
Depreciation and amortization	2,242,751	7,038,527	32,580	**9,313,858**
Finance expense	1,603,563	1,365,047	248,718	**3,217,328**
Loss on sale of property, plant and equipment	36,503	177,968	5,243	**219,714**
Impairment of long-lived assets	7,753,043	9,279,466	-	**17,032,509**
Share-based payments	-	-	1,912,443	**1,912,443**
Income taxes (recovery)	(139,694)	(3,767,680)	425,522	**(3,481,852)**
Income (loss)	**$ (7,385,823)**	**$ (6,148,544)**	**$ (6,772,784)**	**$ (20,307,151)**
Total assets	**$ 39,834,642**	**$ 74,362,564**	**$ 5,020,662**	**$ 119,217,868**

For the year ended December 31, 2015, the Company generated 43% of revenue from two customers (27% from one customer in the equipment rental division and 16% from one customer in the utilities/infrastructure construction division). No other customers comprise more than 10% of revenues.

Year ended December 31	**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**2014**
Revenues	$ 39,854,678	$ 39,774,772	$ -	$ 79,629,450
EBITDA	10,021,555	15,054,413	(4,830,289)	20,245,679
Depreciation and amortization	2,023,451	5,099,301	25,708	7,148,460
Finance expense	1,349,553	1,336,524	367,692	3,053,769
Loss (gain) on sale of property, plant and equipment	392,314	(844,793)	-	(452,479)
Fair value adjustments	-	-	(345,000)	(345,000)
Share-based payments	-	-	1,776,483	1,776,483
Income taxes	264,960	22,004	3,046,083	3,333,047
Income (loss)	$ 5,991,277	$ 9,441,377	$ (9,701,255)	$ 5,731,399
Total assets	$ 55,624,058	$ 93,053,266	$ 16,423,998	$ 165,101,322

For the year ended December 31, 2014 the Company generated 39% of revenue from two customers (23% from one customer in the equipment rental division and 16% from one customer in the utilities/infrastructure construction division). No other customers comprise more than 10% of revenues.

(1) EBITDA is defined as earnings before finance expense, taxes, depreciation and amortization, loss (gain) on disposal of property, plant and equipment, fair value adjustments, impairment losses and share-based payments. Management believes that EBITDA is a useful measure used by management when evaluating the Company's principal business activities. EBITDA is not a standard measure that has any standardized meaning prescribed by *IFRS* and is considered to be a non-IFRS measure. Therefore, this measure may not be comparable to similar measures presented by other companies. This measure has been described and presented in the same manner in which the chief operating decision-maker makes operating decisions and assesses performance.

18. Comparative numbers

During the period, management reviewed and reclassified certain amounts related to direct expenses, general and administrative expenses, loss on foreign exchange and other income. The purpose of the reclassification allows for easier comparability to the Company's peers. As such, the comparative figures have been reclassified to reflect the basis of presentation adopted in the current period.

These reclassifications resulted in an increase of $8,018,072 in direct expenses and a corresponding decrease in general and administrative expenses of $8,018,072 and an increase in loss on foreign exchange of $231,778 and a corresponding increase in other income of $231,778 for the year ended December 31, 2014, and did not impact the net earnings of the Company.

As a result of the share consolidation described in note 14, Earnings per share for the year ended December 31, 2014 have been restated to provide comparability with current period calculations.