Tornado Global Hydrovacs Ltd.

Consolidated Financial Statements

December 31, 2018

Audited

2018

Independent Auditor's Report

To the Shareholders of Tornado Global Hydrovacs Ltd.:

Opinion

We have audited the consolidated financial statements of Tornado Global Hydrovacs Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kenneth H. Kustra.

Winnipeg, Manitoba

April 15, 2019

MNP LLP

Chartered Professional Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Year ended	
		December 31	December 31
	Notes	**2018**	2017
(In $000's CAD)			
ASSETS			
Current assets			
Cash and equivalents		**$ 2,228**	$ 5,633
Accounts receivable	**6**	**3,945**	2,538
Inventory	**8**	**8,363**	6,490
Prepaid expenses and other assets		**160**	210
Total current assets		**14,696**	14,871
Non-current assets			
Tax recoverable	**7**	**200**	—
Finance lease receivable	**6**	**778**	335
Property and equipment, net	**9**	**5,558**	3,194
Goodwill and intangible assets, net	**10**	**3,861**	3,662
Total non-current assets		**10,397**	7,191
Total assets		**$ 25,093**	$ 22,062
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**11**	**5,788**	3,329
Customer deposits	**12**	**242**	—
Term loans	**13**	**758**	—
Current portion of finance lease obligation	**14**	**234**	151
Current tax payable		**155**	57
Total current liabilities		**7,177**	3,537
Non-current liabilities			
Deferred tax		**263**	88
Finance lease obligation	**14**	**700**	584
Total liabilities		**8,140**	4,209
Shareholders' Equity			
Share capital	**15**	**20,893**	20,893
Common share purchase warrants	**15**	**144**	144
Contributed surplus		**469**	213
Deficit		**(4,830)**	(3,507)
Accumulated other comprehensive income		**277**	110
Total shareholders' equity		**16,953**	17,853
Total liabilities and equity		**$ 25,093**	$ 22,062

Related party transaction - see Note 26
See accompanying notes to consolidated financial statements

On behalf of the Board of Directors:

"Guy Nelson"
Non-Executive Chairman
Tornado Global Hydrovacs Ltd.

"Darrick Evong"
Chair of Audit Committee
Tornado Global Hydrovacs Ltd.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Notes	Year ended December 31 2018	December 31 2017
(In $000's CAD, except per share amounts)			
Revenues			
Revenue	**17**	**$ 38,908**	$ 29,660
Other income (loss) - foreign exchange		**(58)**	121
		38,850	29,781
Cost of sales (1)	**18**	**33,046**	25,293
Gross Profit		**5,804**	4,488
Selling and general administrative expenses	**19**	**5,418**	4,818
Income (Loss) before depreciation, amortization and other items		**386**	(330)
Depreciation of property and equipment		**585**	498
Amortization of intangible assets		**574**	495
Loss on disposal of fixed assets		**4**	—
		1,163	993
Loss before the undernoted		**(777)**	(1,323)
Gain on shares issued for debt		**—**	(151)
Stock based compensation		**256**	213
Finance income		**(33)**	(24)
Finance costs		**50**	100
Change in fair value of derivative financial instruments		**—**	(27)
		273	111
Loss before tax		**(1,050)**	(1,434)
Income tax recovery (expense)			
Current	**20**	**(98)**	(57)
Deferred	**20**	**(175)**	(88)
		(273)	(145)
Net loss		**(1,323)**	(1,579)
Other comprehensive income (loss)			
Translation of foreign subsidiaries		**167**	110
Comprehensive loss		**$ (1,156)**	$ (1,469)
Net loss per share			
Basic	**16**	**$ (0.01)**	$ (0.02)
Diluted	**16**	**$ (0.01)**	$ (0.02)

(1) Depreciation included in cost of sales was $26 for the year ended December 31, 2018 (2017 - $nil)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended December 31 2018	December 31 2017
(In $000's CAD)			
OPERATING ACTIVITIES			
Net loss		**$ (1,323)**	$ (1,579)
Add (deduct) items not affecting cash:			
Depreciation of property and equipment		**611**	498
Amortization of intangible assets		**574**	495
Change in fair value of foreign currency forward contracts		**—**	(27)
Interest settled in debt conversion		**—**	43
Gain on shares issued for debt		**—**	(151)
Loss on disposal of fixed assets		**4**	—
Stock based compensation		**256**	213
Reclass of leased truck from property and equipment	9	**398**	—
Deferred income taxes		**175**	88
		695	(420)
Change in non-cash working capital	29	**(431)**	(902)
Change in tax recoverable	7	**(200)**	—
Cash flow from (used) in operating activities		**64**	(1,322)
INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		**2**	—
Acquisition of property and equipment	9	**(3,377)**	(511)
Additions of intangible assets	10	**(773)**	(41)
Cash flow used in investing activities		**(4,148)**	(552)
FINANCING ACTIVITIES			
Net repayments from finance leases		**(239)**	(6)
Net proceeds from loans	13	**758**	—
Proceeds from unit private placement	15	**—**	279
Proceeds from private placement of shares	15	**—**	2,500
Proceeds from unit rights offering	15	**—**	525
Share issue costs	15	**—**	(116)
Cash flow from financing activities		**519**	3,182
Effect of exchange rate changes on cash and cash equivalents		**160**	(119)
Net decrease in cash and equivalents during the year		**(3,405)**	1,189
Cash and cash equivalents, beginning of period		**5,633**	4,444
Cash and cash equivalents, end of period		**$ 2,228**	$ 5,633

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As at December 31, 2018

	Common Shares	Common Share Purchase Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
(In $000's CAD)						
As at December 31, 2017	$ 20,893	$ 144	$ 213	$ (3,507)	$ 110	$ 17,853
Stock based compensation	-	-	256	-	-	256
Loss for the year	-	-	-	(1,323)	-	(1,323)
Other comprehensive income for the year	-	-	-	-	167	167
As at December 31, 2018	$ 20,893	$ 144	$ 469	$ (4,830)	$ 277	$ 16,953

As at December 31, 2017

	Common Shares	Common Share Purchase Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Equity
(In $000's CAD)						
As at December 31, 2016	$ 15,283	$ -	$ -	$ (1,928)	$ -	$ 13,355
Issue of shares - private placement	2,500	-	-	-	-	2,500
Issue of shares - debt conversion	2,566	-	-	-	-	2,566
Issue of shares - unit private placement	135	-	-	-	-	135
Issue of shares - rights offering	525	-	-	-	-	525
Issue of common share purchase warrants	-	144	-	-	-	144
Issue of stock options	-	-	213	-	-	213
Share issue costs	(116)	-	-	-	-	(116)
Loss for the year	-	-	-	(1,579)	-	(1,579)
Other comprehensive income for the year	-	-	-	-	110	110
As at December 31, 2017	$ 20,893	$ 144	$ 213	$ (3,507)	$ 110	$ 17,853

See accompanying notes to consolidated financial statements

1. Corporate information

Tornado Global Hydrovacs Ltd. ("TGHL" or the "Company") is incorporated in Alberta, Canada and through its subsidiaries, designs, fabricates, manufactures and sells hydrovac trucks to excavation service providers in the municipal and oil and gas markets in North America and has expanded into China. TGHL's corporate office is located at Suite 510, 7015 MacLeod Trail, SW, Calgary, Alberta, T2H 2K6, and was incorporated under the Business Corporations Act (Alberta) on April 27, 2016. Since July 8, 2016, TGHL's shares have been traded on the TSX Venture Exchange under the symbol "TGH".

These consolidated financial statements were recommended for approval by the audit committee and were approved and authorized for issue by the Board of Directors on April 15, 2019.

2. Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB").

Basis of consolidation

The consolidated financial statements include the accounts of Tornado Global Hydrovacs Ltd. and its direct and indirect wholly owned subsidiaries Tornado Global Hydrovacs (North America) Inc., Tornado Hydrovacs Asia Pacific Holdings Ltd. and Tornado Global Hydrovacs (Beijing) Ltd.

Subsidiaries are fully consolidated from the date of acquisition, being the date of incorporation or the date which TGHL obtains control and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as TGHL, using consistent accounting policies. All inter-company balances, income and expenses and unrealized gains and losses resulting from inter-company transactions are eliminated.

Basis of presentation

These consolidated financial statements are prepared for the year ended December 31, 2018 and include the results for the comparative year ended December 31, 2017. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as disclosed. Included in these consolidated financial statements are the accounts of TGHL and its subsidiaries. These consolidated financial statements have been prepared in Canadian dollars which is the functional currency of TGHL. The functional currencies of Tornado Global Hydrovac (North America) Inc., Tornado Global Hydrovac (Beijing) Ltd. and Tornado Hydrovacs Asia Pacific Ltd. are Canadian dollars, Chinese Yuan ("RMB") and Hong Kong dollars respectively.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Acquisition costs for business combinations are expensed and included in selling, general and administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition.

In situations where the initial accounting for a business combination is incomplete prior to the finalization of the consolidated financial statements, the Company records provisional amounts for those items for the accounting is incomplete. Such provisional amounts are subsequently adjusted to reflect new financial information obtained about the facts and circumstances that existed as of the acquisition date and, if known would have affected the amounts recognized as of that date.

Foreign currency transactions

Monetary items are translated into Canadian dollars at the closing exchange rate as of the reporting date. Exchange differences from monetary items are recognized in comprehensive loss. Non-monetary items that are not carried at fair value are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Revenue recognition

On January 1, 2018, the Company adopted IFRS 15 as discussed in Note 4.

Revenue is measured based on the consideration specified in a contract with the customer.

The Company enters into contracts with customers that can have performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The Company applies a practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less, or for performance obligations where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

Contract modifications with the Company's customers could change the scope of the contract, the price of the contract, or both. A contract modification exists when the parties to the contract approve the modification either in writing, orally, or based on the parties' customary business practices. Contract modifications are accounted for either as a separate contract when there is an additional product at a stand-alone selling price, or as part of the existing contract, through either a cumulative catch-up adjustment or prospectively over the remaining term of the contract, depending on the nature of the modification and whether the remaining products are distinct.

In its modified retrospective adoption of IFRS 15, the Company applied a practical expedient that allows the Company to avoid re-considering the accounting for any sales contracts that were completed prior to January 1, 2018 and were previously accounted for under its previous revenue accounting policy.

Income taxes

Tax expense comprises current income tax and deferred income tax expense.

Current tax

Recoverable tax assets or current tax liabilities represent the tax authorities' obligations or claims for prior or current periods which are not received or paid at the end of the reporting period. Current tax is based on taxable income which differs from accounting income by definition. Recoverable tax assets or current tax liabilities are measured using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax

Deferred tax is determined based on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable income. Deferred tax assets or liabilities are measured based on tax rates that have been enacted or substantially enacted by the end of the reporting period, and that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets or liabilities are recognized for all deductible or taxable temporary differences arising if it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The benefits of Scientific Research and Experimental Development (SRED) tax incentives are not recognized until the expenditures have been approved by the tax authority.

Cash and cash equivalents

All highly liquid temporary investments with an operating maturity of three months or less when purchased are considered to be cash equivalents.

Property and equipment

Property and equipment are stated at cost, net of any accumulated depreciation, impairment losses and subsequent reversals (if any). Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment ("M&E")	10 years
Office furniture and equipment ("Office Equip.")	3 years
Leasehold improvements ("Leaseholds")	5 years
Rental equipment ("Rental Equip.")	15 years
Vehicles	5 years

The assets' useful lives, residual values and methods of depreciation of assets are reviewed annually, and adjusted prospectively, if appropriate. Rental equipment includes hydrovac truck rental inventory.

Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of comprehensive loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of comprehensive loss on a straight-line basis over the lease term.

Intangible assets

Intangible assets are recognized at fair value at acquisition. Computer software is stated at cost, net of any accumulated amortization, impairment losses and subsequent reversals (if any). Amortization is calculated on a straight-line basis over the estimated useful lives of 5 years. Internally developed intangible assets are initially recognized when the recognition criteria outlined in IAS 38 – Intangible Assets are met. IAS 38 outlines the recognition criteria as well as the nature of the amounts to be recognized.

Internally generated intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least annually. Change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the statement of comprehensive (loss) income.

Finite life intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets which for patents pending and development is assumed to be 7 years. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive (loss) income when the asset is derecognized.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date of control (acquisition date). Goodwill is measured as the excess of the cost of the acquisition over the Company's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree recognized at the date of acquisition. Goodwill is not amortized but is tested for impairment annually.

The impairment test is carried out by comparing the carrying amount of the reporting unit with its fair value. When the carrying amount of a reporting unit, including goodwill, exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. Fair value of the reporting unit is determined through discounted cash flow analysis.

Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that the non-financial assets have been impaired. If any such indication exists, the recoverable amount of the asset is determined. An impairment loss is recognized in profit or loss when the carrying amount of the asset exceeds its recoverable amount.

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In the measurement of the value in use, estimates of future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of cash flows have not been adjusted.

Inventory

Inventory comprises raw materials, work in progress and finished goods. Inventory is valued at the lower of cost and net realizable value, using an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write down previously recorded is reversed.

Financial instruments

On January 1, 2018, the Company adopted IFRS 9 as discussed in Note 4.

Financial assets and liabilities are initially recognized at fair value and subsequently recognized according to their classification. The classification depends on the intention with which the financial instruments were acquired and their characteristics. Unless specific circumstances permitted under IFRS are present, the classification is not modified after initial recognition.

Hierarchy of fair value measurements

The Company classifies its financial assets and liabilities measured at fair value into three levels according to the observability of the inputs used in their measurement.

Level 1

Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2
Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3
Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Financial assets

Recognition and initial measurement
The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement
Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and equivalents and accounts receivable.

Reclassifications
The Company reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment
The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as lease receivables, contract assets, and any financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivables and lease receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position for financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial assets.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 20 for additional information about the Company's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets
The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount. Transaction costs of equity transactions are treated as a deduction from equity.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Distributions to holders of instruments classified as equity are recognized directly in equity.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Derivatives

Derivatives are initially recognized at fair value on the date the Company becomes party to the provisions of the contract, and are subsequently remeasured at fair value at the end of each reporting period. Changes in the fair value of derivative instruments are recognized in profit or loss.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The 'amortized cost' of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit impaired, calculation of interest income reverts to the gross basis.

Offsetting

Financial assets and financial liabilities are offset, with the net amount presented in the statement of financial position, when, and only when, the Company has a current and legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or when arising from a group of similar transactions if the resulting income and expenses are not material.

Transaction costs

Transaction costs related to financial instruments that are not classified as assets and liabilities at fair value through profit and loss, are recognized on the statement of financial position as an adjustment to the cost of the financial instrument upon initial recognition and amortized using the effective interest rate method.

Earnings per share

The computation of earnings per share is based on the weighted average number of shares outstanding during the period. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares assuming the exercise of share options, share appreciation rights and convertible debt options, if dilutive.

Share-based compensation plans

Directors, employees and consultants of TGHL may receive remuneration in the form of stock options. Awards granted under the TGHL's stock option plan are recognized in comprehensive income using the fair value method using the Black Scholes method for option valuation.

Equity settled transactions

The cost of equity settled transactions is recognized, together with a corresponding increase in other capital reserves, in equity, over the period in which the performance and/or service conditions are fulfilled.

When options, warrants and other share-based compensation awards are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to shareholder's equity. The amount of cash, if any, received from participants is also credited to shareholder's equity. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Reportable segments

A reportable business segment is a component of TGHL that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the TGHL's other segments. All inter-segment transactions are accounted for at fair value. All operating segments' operating results are reviewed regularly by the TGHL's Chief Executive Officer and Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. TGHL segregates its business geographically between its North American operations and its operations in China and also includes a Corporate segment for its head office expenses in Calgary.

3. Significant accounting judgement, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. Actual results could differ from those judgements, estimates and assumptions. The items whose actual results could differ significantly from those judgements, estimates and assumptions are described below.

Critical judgements made in applying TGHL's accounting policies

Cash generating units

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Management determines which groups of assets are capable of generating cash inflows that are largely independent of other operations.

Business combinations
The definition of a business combination and the application of IFRS 3 is contingent upon management's judgement that the collective assets acquired and liabilities assumed meet the definition of a business and that there has been a change in control.

Accounting for business combinations requires the allocation of the Company's purchase price to the various assets and liabilities of the acquired business at their respective fair values. The Company uses all available information to make these fair value determinations.

In some instances, assumptions with respect to the timing and amount of future revenues and expenses associated with an asset or group of assets may be used to determine fair value. Actual timing and amount of net cash flows from revenues and expenses related to that asset over time may differ materially from those initial estimates, and if the timing is delayed significantly or if the net cash flows decline significantly, the asset could become impaired.

Key sources of estimate uncertainty

Allowance for doubtful accounts
Given the nature of business and the credit terms provided to customers, estimates and judgements are inherent in the on-going assessment of the recoverability of some accounts receivable. TGHL maintains an allowance for doubtful accounts to reflect expected credit losses. TGHL is not able to predict changes in the financial conditions of its customers and TGHL's judgement related to the recoverability of accounts receivable may be materially impacted if the financial condition of TGHL's customers deteriorates.

Valuation of inventory
Estimates and judgements are inherent in the determination of the net realizable value of inventory. The cost of inventory may not be fully recoverable if it is damaged or if the selling price of the inventory is less than its cost. TGHL regularly reviews its inventory quantities and reduces the cost attributed to inventory no longer deemed to be fully recoverable. Estimates related to the determination of net realizable value may be impacted by a number of factors including market conditions. A provision is recorded for slow moving inventory as required.

Intangible assets
Expenditures for research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product of process is technically and commercially feasible, future economic benefits are probable and TGHL intends to and has sufficient resources to complete development and to use or sell the asset.

Impairment of non-financial assets
TGHL's impairment test is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast and do not include restructuring activities that TGHL is not yet committed to or significant future investments that may enhance the performance of the cash generating unit being tested. The calculation is sensitive to the discount rate applied as well as the expected future cash inflows.

Useful lives of key property and equipment and intangible assets
Estimated useful lives of property and equipment and intangible assets are based on management's judgment and experience. When management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Asset lives, depreciation and amortization methods, and residual values are reviewed periodically.

TGHL periodically assesses the recoverability of values assigned to long-lived assets after considering potential impairment indicated by such factors as significant changes in technological, market, economic or legal environment, business and market trends, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates either the value in use or fair value less costs to sell.

Warranty costs

TGHL provides for future warranty costs on products sold based on management's best estimate of such costs, taking into account past experience and the nature of the contracts. Warranty costs are considered an assurance-type warranty under IFRS 15 due to the short-term nature and inability for customers to purchase separately. Management determined no provision was required for warranty costs in 2018 or 2017.

Deferred taxes

TGHL accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on deductible or taxable temporary differences between the carrying amounts and tax bases of the assets and liabilities. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to reverse. If the estimates and assumptions are modified in the future, TGHL may be required to reduce or increase the value of deferred tax assets or liabilities resulting in, where applicable, an income tax expense or recovery. TGHL regularly evaluates deferred tax assets and liabilities.

4. Adoption of new accounting standards

Effective January 1, 2018, the Corporation adopted the following standards, interpretations and/or amendments thereto, which had no material impact on the Corporation's financial statements:

IFRS 9 Financial instruments

Effective January 1, 2018, the Company retrospectively adopted IFRS 9, as well as consequential amendments to IFRS 7 Financial Instruments: Disclosures. The standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 did not result in any adjustments to the amounts recognized in the Company's consolidated financial statements for the year ended December 31, 2017.

Classification and Measurement of Financial Instruments

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI"). The Company does not employ hedge accounting for its risk management contracts currently in place.

Amortized Cost

The Company classifies its cash and equivalents, accounts receivable, accounts payable and accrued liabilities as measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method. The carrying values of the Company's cash and equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values.

Amounts reported in thousands (000's) except per share amounts

FVTPL

The Company classifies its risk management contracts as measured at FVTPL. Financial assets and liabilities classified as FVTPL are subsequently measured at fair value with changes in fair value charged immediately to the statements of income. The adoption of IFRS 9 has resulted in changes to the classification of some of the Company's financial assets but did not change the classification of the Company's financial liabilities. There is no difference in the measurement of these instruments under IFRS 9 due to the short-term and liquid nature of these financial assets. The following table summarizes the classification categories for the Company's financial assets and liabilities by financial statement line item under the superseded IAS 39 standard and the newly adopted IFRS 9.

Financial Assets	**IAS 39**	**IFRS 9**
Cash and equivalents	Loans and receivables (Amortized cost)	Amortized cost
Accounts receivable	Loans and receivables (Amortized cost)	Amortized cost
Tax recoverable	Loans and receivables (Amortized cost)	Amortized cost
Risk management assets	Held-for-trading (FVTPL)	FVTPL
Financial Liabilities	**IAS 39**	**IFRS 9**
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Risk management liabilities	Held-for-trading (FVTPL)	FVTPL

Impairment of Financial Assets

IFRS 9 also introduces a new model for the measurement of impairment of financial assets based on expected credit losses which replaces the incurred losses impairment model applied under IAS 39. Under this new model, the Company's accounts receivable are considered collectible within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the accounts receivable. ECL allowances have not been recognized for cash and cash equivalents and deposits due to the virtual certainty associated with their collectability.

The Company's trade and other receivables are subject to the expected credit loss model under IFRS 9. For the trade and other receivables, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company considered historical industry default rates as well as credit ratings of major customers.

There were no adjustments to the carrying value of any of the Company's financial instruments following the adoption of IFRS 9.

IFRS 15 Revenue from contracts with customers

Effective January 1, 2018, the Company adopted IFRS 15 on a modified retrospective basis. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company generates revenue from the sale of hydrovac trucks and parts, repair services and the rental of hydrovac trucks. Revenue is recognized when control is transferred from the Company to its customers. The Company considers its performance obligations to be satisfied and control to be transferred when all the following conditions are satisfied:

- The Company has transferred title and physical possession of the truck to the buyer;
- The Company has transferred significant risks and rewards of ownership of the asset to the buyer; and
- The Company has the present right to payment.

The adoption of IFRS 15 did not result in any adjustments to the amounts recognized in the Company's consolidated financial statements for the year ended December 31, 2017.

Amounts reported in thousands (000's) except per share amounts

5. Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2018 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 16 Leases

IFRS 16, issued in January 2016, introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard will supersede IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of this standard on its consolidated financial statements.

6. Accounts receivable

	Year ended December 31	
	2018	2017
Trade	**$ 3,338**	$ 2,212
Taxes receivable	**291**	213
Current portion of finance lease receivable	**386**	168
Allowance for doubtful accounts	**(70)**	(55)
	$ 3,945	$ 2,538

TGHL's breakdown of the aging of trade accounts receivables is as follows:

	Year ended December 31	
	2018	2017
< 30 days	**$ 2,567**	$ 1,522
> 30 day	**239**	204
> 60 days	**138**	176
> 90 days	**394**	310
	$ 3,338	$ 2,212

Tax receivables as at December 31, 2018, comprise Canada GST receivable $154 (2017 - $51) and current portion of China VAT taxes recoverable $137 (2017 - $162).

Amounts reported in thousands (000's) except per share amounts

Finance lease receivable comprises:

	Year ended December 31	
	2018	2017
Total estimated minimum lease payments receivable	**$ 1,164**	$ 503
Less: current portion	**(386)**	(168)
	$ 778	$ 335

The Company had finance leases receivable relating to three (2017 – one) hydrovac trucks, receivable in combined monthly installments of $32 and $14 as at December 31, 2018 and December 31, 2017 respectively. These leases contain an incentive to purchase the hydrovac truck within the first year. Future estimated minimum lease payments receivable under the sales-type hydrovac truck lease are as follows:

	Year ended December 31	
	2018	2017
Less than one year	**$ 386**	$ 168
Between two and three years	**778**	335
	$ 1,164	$ 503

7. Tax recoverable

	Year ended December 31	
	2018	2017
Tax recoverable	**$ 200**	$ -

Tax recoverable relates to long term portion of VAT tax in China which will be applied against future VAT payable.

8. Inventory

	Year ended December 31	
	2018	2017
Work-in-process	**$ 1,960**	$ 2,180
Raw materials	**4,959**	3,093
Finished goods	**1,444**	1,217
	$ 8,363	$ 6,490

There was an inventory write-down of $30 recorded during the year (2017 - $nil). A provision of $59 (2017 - $nil) is included in the cost of sales for slow moving inventory. Finished goods inventory consists of hydrovac equipment and two hydrovac trucks in both North America and China. One (2017 – nil) hydrovac truck is under a capital lease with a carrying value of $340 (2017 - $nil).

Amounts reported in thousands (000's) except per share amounts

9. Property and equipment

Cost		M&E		Office Equip		Leaseholds		Rental Equipment and Vehicles		Total
Balance, December 31, 2016	$	1,698	$	170	$	1,029	$	80	$	2,977
Additions		25		41		37		408		511
Transfer from accounts receivable		-		-		-		405		405
Balance, December 31, 2017		1,723		211		1,066		893		3,893
Additions		**81**		**19**		**53**		**3,224**		**3,377**
Disposals		**-**		**-**		**-**		**(7)**		**(7)**
Reclassification to inventory (1)		**-**		**-**		**-**		**(405)**		**(405)**
Balance, December 31, 2018	**$**	**1,804**	**$**	**230**	**$**	**1,119**	**$**	**3,705**	**$**	**6,858**

Accumulated Depreciation		M&E		Office Equip		Leaseholds		Rental Equipment and Vehicles		Total
Balance, December 31, 2016	$	85	$	27	$	103	$	8	$	223
Depreciation for the year		183		57		208		28		476
Balance, December 31, 2017		268		84		311		36		699
Depreciation for the year		**188**		**71**		**223**		**129**		**611**
Disposals		**-**		**-**		**-**		**(3)**		**(3)**
Reclassification to inventory (1)		**-**		**-**		**-**		**(7)**		**(7)**
Balance, December 31, 2018	**$**	**456**	**$**	**155**	**$**	**534**	**$**	**155**	**$**	**1,300**

Net book value		M&E		Office Equip		Leaseholds		Rental Equipment and Vehicles		Total
Balance, December 31, 2017	$	1,455	$	127	$	755	$	857	$	3,194
Balance, December 31, 2018	**$**	**1,348**	**$**	**75**	**$**	**585**	**$**	**3,550**	**$**	**5,558**

(1) During 2018, one hydrovac truck (2017 - nil) was reclassed from property and equipment to inventory and then subsequently sold to a customer.

Rental Equipment and Vehicles as at December 31, 2018, comprise six (2017 – two) hydrovac trucks rented to customers as operating leases with a net book value of $1,990 (2017 - $796) in North America, other operating vehicles with a net book value of $40 (2017 - $61) in North America and six hydrovac trucks and equipment for rental with a net book value of $1,520 (2017 - $nil) in China.

As at December 31, 2018, two (2017 – one) hydrovac trucks rented to customers and one (2017 – one) equipment in North America are under capital leases with a net book value of $620 (2017 - $440).

Amounts reported in thousands (000's) except per share amounts

10. Goodwill and intangible assets

Cost		Goodwill		Patents		Development		Computer Software		Total
Balance, December 31, 2016	$	833	$	3,450	$	-	$	-	$	4,283
Additions		-		79		-		41		120
Balance, December 31, 2017		833		3,529		-		41		4,403
Additions		**-**		**-**		**678**		**95**		**773**
Balance, September 30, 2018	**$**	**833**	**$**	**3,529**	**$**	**678**	**$**	**136**	**$**	**5,176**

Accumulated Amortization										
Balance, December 31, 2016	$	-	$	246	$	-	$	-	$	246
Amortization for the year		-		493		-		2		495
Balance, December 31, 2017		-		739		-		2		741
Amortization for the year		**-**		**493**		**65**		**16**		**574**
Balance, September 30, 2018	**$**	**-**	**$**	**1,232**	**$**	**65**	**$**	**18**	**$**	**1,315**

Net book value										
Balance, December 31, 2017	$	833	$	2,790	$	-	$	39	$	3,662
Balance, December 31, 2018	**$**	**833**	**$**	**2,297**	**$**	**613**	**$**	**118**	**$**	**3,861**

No research and development costs have been expensed in 2018 and 2017.

Impairment

Goodwill is allocated to those Cash Generating Units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill. The Company's goodwill is allocated to the North America Cash Generating Unit which comprises the Company's North America operations. As at December 31, 2018 and December 31, 2017, there was no goodwill impairment.

Recoverable amount

Recoverable amount was based on value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit.

Key assumptions used in value-in-use calculations

The calculations of value in use for the Cash Generating Units are most sensitive to the following assumptions:

1. Discount rate used
2. Growth rate for operating expenses used in the budget
3. Projected sales used to extrapolate cash flows beyond the budget date

A range of discount rates from 17.5% - 22.5% were applied in the value in use calculation. Cash flows were projected based on past experience, actual operating results and the business plan for a 1 year period. Cash flows for a 3 year period were extrapolated using projected sales and operating expenses.

Net sales and margins in the business plan were budgeted based on discussions with customers, past experience and trends, as well as planned initiatives. The anticipated annual net sales have been based on expected growth levels (net of the estimated inflationary effect of rising raw material prices).

Amounts reported in thousands (000's) except per share amounts

11. Accounts payable and accrued liabilities

	Year ended December 31	
	2018	2017
Accounts payable and accrued liabilities	**$ 5,298**	$ 3,078
Accrued wages, vacation, and bonuses payable	**490**	251
	$ 5,788	$ 3,329

12. Customer deposits

	Year ended December 31	
	2018	2017
Customer deposits	**$ 242**	$ -

Customer deposits relate to cash deposits received from customers for hydrovac trucks that were not sold as at the reporting date.

13. Term loans

	Year ended December 31	
	2018	2017
Term loans	**$ 758**	$ -

As at December 31, 2018, the Company had three term loans (2017 – nil) classified as current as they are due on demand bearing interest at rates between 5.75% and 5.85%, repayable in monthly blended instalments between $8 and $9, maturing between August 2021 and December 2021 and secured by hydrovac trucks in the Company's rental equipment with a total net book value of $646.

Amounts due on the term loans in the next three years are as follows:

2019	**$ 296**
2020	**296**
2021	**230**
2022	**-**
2023	**-**
Total minimum loan payments	**822**
Amount representing interest	**(64)**
Present value of minimum loan payments	**$ 758**

Amounts reported in thousands (000's) except per share amounts

14. Finance leases obligation

As at December 31, 2018, the Company had three (2017 – two) hydrovac truck leases and a computer equipment lease, repayable in monthly installments totalling of $27 (2017 - $16) with final installments totalling $47 (2017 - $152), bearing interest at rates between 2% and 7%.

	Year ended December 31	
	2018	2017
Finance leases obligation	$ **934**	$ 735
Less: current portion of finance lease obligations	**(234)**	(151)
	$ **700**	$ 584

Amounts due on the hydrovac truck leases and computer equipment lease in the next four years are as follows:

2019	$ **280**
2020	**279**
2021	**268**
2022	**240**
2023	**-**
Total minimum lease payments	**1,067**
Amount representing interest	**(133)**
Present value of minimum lease payments	**934**
Less current portion of finance lease	**(234)**
	$ **700**

Amounts reported in thousands (000's) except per share amounts

15. Shareholder's equity

Common Shares

The Company is authorized to issue an unlimited number of Class "A" Common Shares ("Common Shares") without nominal or par value. Each Common Share entitles its holder to one vote at all shareholder meetings. Holders of Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors. Holders of Common Shares will participate in any distribution of net assets of TGHL on an equal per share basis.

The following table indicates issuances of Common Shares over the past 2 years:

	Shares	Amount
Outstanding common shares, December 31, 2016	59,480,843	$15,283
Issued by way of private placement, September 15, 2017	27,777,778	2,500
Issued by way of Unit private placement, September 15, 2017	3,100,000	135
Issued from debt conversion, September 15, 2017	30,185,544	2,566
Issued by way of rights offering, October 31, 2017	6,172,354	525
Share issue costs	-	(116)
Outstanding common shares, December 31, 2017 and 2018	**126,716,519**	**$20,893**

As of December 31, 2017, 9.0 million shares were held in escrow as a result of the spin-out transaction in 2016. These shares were released from escrow on January 7, 2018.

No dividends were declared during the period.

On September 15, 2017, the Company completed three financing transactions. Under a Private Placement, the Company issued 27,777,778 Common Shares at a price of $0.09 per Common Share for gross proceeds of $2.5 million. Under a Unit Private Placement, the Company issued 3,100,000 units at a price of $0.09 per Unit for aggregate gross proceeds of $279. This was allocated $135 to Common Shares and $144 to Common Shares warrants. Under a Shares for Debt transaction, principal and accrued interest totaling $2.7 million owed to the Company's Former Parent company, Empire Industries Ltd (the "Former Parent"), was converted into 30,185,544 Common Shares at a price of $0.09 per Common Share.

On October 31, 2017 the Company closed a Rights Offering by issuing 6,172,354 Common Shares at a price of $0.085 per share for gross proceeds of $525. The Company issued to shareholders one right for each issued and outstanding Common Share. Each Right entitled the holder to subscribe for one Common Share. The intention of the Rights Offering was to permit shareholders to purchase additional Common Shares at a similar price to those issued in the September 15, 2017 transactions.

Common Share Purchase Warrants

	Warrants	Amount
December 31, 2017 and 2018	3,100,000	$144

On September 15, 2017 the Company closed a Unit Private Placement, under which 3,100,000 Units were issued at a price of $0.09 per Unit for aggregate gross proceeds of $279. Each Unit comprised one Common Share and one Common Share purchase warrant ("Warrant"). Each Warrant was fair valued at $0.046 using Black Scholes valuation model, which assumed volatility of 75% (based on an analysis and comparison with peer companies) and risk-free interest rate of

Amounts reported in thousands (000's) except per share amounts

1.70%. Each Warrant is exercisable at $0.12 and expires on September 15, 2022. The Units were subscribed for by directors, officers and management.

Stock Options

As at December 31, 2018, there were 8,400,000 stock options outstanding with a weighted average exercise price of $0.11, of which 5,100,000 were exercisable at a weighted average exercise price of $0.11.

The following tables summarize Stock Option activity to December 31, 2018:

	Options Outstanding	Weighted Average Exercise Price
	Number	
Balance, December 31, 2018 and 2017	**8,400,000**	**$0.11**
Exercisable, December 31, 2018	**5,100,000**	**$0.11**

Option price	Options Outstanding	Weighted Average Remaining Contractual Life (years)
$0.11	**8,400,000**	**3.9**

Stock based compensation expense in 2018 was $256 (2017 - $213).

No stock options were granted during 2018. The stock option value for options granted in 2017 was calculated using the Black Scholes pricing methodology based on expected volatility of 75% which is estimated by management based on an analysis and comparison with peer companies, a risk-free interest rate of 1.7% and an expected life of 60 months. 8,400,000 stock options were granted on November 21, 2017 at an option price of $0.11 per share. The fair value of the options at the grant date was $0.068. 86% of the options vested one third at the grant date, and will vest one third on each of the first and second anniversaries of the grant. 11% of the options will vest on the second anniversary of the grant. The remaining 3% of the options vested at the date of grant.

16. Loss per share

Basic:			**Diluted:**		
Year ended December 31, 2018			**Year ended December 31, 2018**		
Net loss	Weighted average number of shares	Net loss per share	Net Loss	Weighted average number of shares	Net loss per share
($1,323)	126,716,519	($0.01)	($1,323)	128,696,519	($0.01)
Year ended December 31, 2017			Year ended December 31, 2017		
Net loss	Weighted average number of shares	Net loss per share	Net Loss	Weighted average number of shares	Net loss per share
($1,579)	78,413,142	($0.02)	($1,579)	78,413,142	($0.02)

The effects of dilution from 8,400,000 stock options and 3,100,000 warrants were included in the calculation of weighted average shares outstanding for diluted earnings per share for the year ended December 31, 2018 as they are dilutive.

Amounts reported in thousands (000's) except per share amounts

17. Revenue

	Year ended December 31			
		2018		2017
Revenues	$	38,908	$	29,660

Revenue as at December 31, 2018, comprise truck sales $34,706 (2017 - $26,876), parts and services $3,805 (2017 - $2,556) and rental income $397 (2017 - $228).

During 2018, 20.1% of truck sales was attributable to one customer.

18. Cost of sales

	Year ended December 31			
		2018		2017
Direct manufacturing costs	$	28,068	$	22,113
Indirect salaries and benefits		1,138		448
Indirect production costs		3,840		2,732
	$	33,046	$	25,293

19. Selling and general administrative expenses

	Year ended December 31			
		2018		2017
Salaries and benefits	$	3,081	$	2,154
Selling and general and administrative expense		2,337		2,664
	$	5,418	$	4,818

20. Income tax expense

The components of tax expense are as follows:

	Year ended December 31			
		2018		2017
Current income tax expense	$	98	$	57
Deferred income tax expense		175		88
	$	273	$	145

Amounts reported in thousands (000's) except per share amounts

The reconciliation between income tax expense (recovery) and the accounting profit multiplied by the combined federal and provincial statutory income tax rate is as follows:

	Year ended December 31	
	2018	2017
Loss before income tax	**$ (1,050)**	$ (1,434)
Combined federal and provincial statutory income tax rate	**27.0%**	27.0%
Expected tax recovery using combined federal and provincial statutory income tax rate	**(283)**	(387)
Effect on income tax resulting from:		
Stock based compensation	**69**	57
Other non deductible expenses	**26**	6
Unrecognized tax benefit	**435**	469
Other	**26**	-
Income tax expense (recovery)	**$ 273**	$ 145

The Company has not recorded deferred income tax assets in relation to its estimated total income tax pools due to the uncertainty related to the realization of such assets. As at December 31, 2018 and 2017, no deferred income tax assets were recognized in the statements of financial position for the following deductible temporary differences:

	Year ended December 31	
	2018	2017
Domestic Operations		
Non-capital losses	**$ 459**	$ 396
Share issue costs and intangibles	**19**	25
Intangibles	**230**	169
Property and equipment	**1**	(1)
Foreign Operations		
Subsidiary non-capital losses	**713**	398
Property and equipment	**1**	1
Temporary differences for which no deferred tax asset has been recognized	**(1,423)**	(988)
Total	**$ -**	$ -

As at December 31, 2018, in Canada the Company has unused non-capital tax losses of approximately $1,701 (2017 - $1,466) which expire at the end of 2037 and 2038, and deductible temporary differences of $928 (2017 – $713). As at December 31, 2018, in China the Company has unused non-capital tax losses of approximately $2,852 (2017 - $1,593) which expire at the end of 2022 and 2023 and deductible temporary differences of $nil (2017 - $4).

The Company has a deferred tax liability arising from its operating subsidiary in Canada as follows:

	Year ended December 31	
	2018	2017
Property and equipment	**$ (263)**	$ (88)

Amounts reported in thousands (000's) except per share amounts

21. Operating segments

TGHL has two geographic operating segments; its North American manufacturing and sales operations and its China operation. It also has a Corporate segment which comprises expenses incurred at its head office in Calgary. The China operating segment is in the development phase with only selling and general administrative expenses incurred during 2018 and 2017.

The tables below show the North America, China and Corporate segments for the year ended December 31, 2018 and 2017 respectively:

Year ended December 31, 2018	**North America**	**China**	**Corporate**	**Total**
Revenue	**$ 38,850**	**$ -**	**$ -**	**$ 38,850**
Cost of sales	**33,046**	**-**	**-**	**33,046**
Selling and general administrative	**3,467**	**1,337**	**614**	**5,418**
	2,337	**(1,337)**	**(614)**	**386**
Depreciation and amortization	**524**	**63**	**572**	**1,159**
Loss on disposal of assets	**4**	**-**	**-**	**4**
Income (loss) before other items of income	**$ 1,809**	**$ (1,400)**	**$ (1,186)**	**$ (777)**
Total assets	**$ 17,653**	**$ 2,920**	**$ 4,520**	**$ 25,093**
Total liabilities	**$ 8,021**	**$ (84)**	**$ 203**	**$ 8,140**
Capital Expenditures	**$ 1,729**	**$ 1,583**	**$ 838**	**$ 4,150**

Year ended December 31, 2017	North America	China	Corporate	Total
Revenue	$ 29,781	$ -	$ -	$ 29,781
Cost of sales	25,293	-	-	25,293
Selling and general administrative	2,839	1,153	826	4,818
	1,649	(1,153)	(826)	(330)
Depreciation and amortization	495	3	494	993
Income (loss) before other items of income	$ 1,154	$ (1,156)	$ (1,320)	$ (1,323)
Total assets	$ 13,120	$ 4,990	$ 3,952	$ 22,062
Total liabilities	$ 3,826	$ 79	$ 304	$ 4,209
Capital Expenditures	$ 915	$ 16	$ 105	$ 1,036

The table below shows the geographical sales for the years ended:

	2018	2017
Canada	**$ 22,921**	$ 17,241
United states	**15,929**	12,540
	$ 38,850	$ 29,781

Amounts reported in thousands (000's) except per share amounts

22. Financial instruments and risk management

The following table presents information on the Group's assets and liabilities measured at fair value and discloses the fair value hierarchy of the valuation techniques used to determine their fair values at December 31, 2018:

As at December 31, 2018:	Carrying Value	Fair Value	Classification	Level
Cash and equivalents	$ 2,228	$ 2,228	Amortized cost	1
Accounts receivable	3,945	3,945	Amortized cost	2
Tax recoverable	200	200	Amortized cost	2
Customer deposits	(242)	(242)	Amortized cost	2
Term loans	(758)	(758)	Amortized cost	2
Accounts payable and accrued liabilities	(5,788)	(5,788)	Amortized cost	2

As at December 31, 2017:	Carrying Value	Fair Value	Classification	Level
Cash and equivalents	$ 5,633	$ 5,633	Amortized cost	1
Accounts receivable	2,538	2,538	Amortized cost	2
Accounts payable and accrued liabilities	(3,329)	(3,329)	Amortized cost	2

The fair values of cash and equivalents, accounts receivable, tax recoverable, accounts payable and accrued liabilities, term loans, and customer deposits approximate their carrying values given their short-term maturities.

Risk management

In the normal course of its business, TGHL is exposed to multiple risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of TGHL, management considers the avoidance of undue concentrations of risk. TGHL manages its risks and risk exposures through a combination of financial instruments, insurance, a system of internal and disclosure controls and sound business practices. The primary types of financial risk which arise are liquidity, credit, and market risk. These risks and the actions taken to manage them are as follows:

Liquidity risk

Liquidity risk is the risk that TGHL cannot meet its financial obligations associated with financial liabilities in full. A range of alternatives is available to TGHL including cash flow provided by operations, additional debt, the issuance of equity or a combination thereof. Cash on hand and cashflow from operations are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Company's foreseeable financial obligations associated with financial liabilities.

The following table summarizes the TGHL's financial liabilities with corresponding maturity dates as at December 31, 2018:

	Total	2019	2020	2021	2022	2023 +
Accounts payable and accrued liabilities	$ 5,788	$ 5,788	$ -	$ -	$ -	$ -
Finance leases	934	218	234	250	232	-
Term loans	758	296	296	166	-	-
Current taxes payable	155	155	-	-	-	-
Total	$ 7,635	$ 6,457	$ 530	$ 416	$ 232	$ -

TGHL expects to have adequate resources to discharge these financial liabilities. There is no change in liquidity risk exposure from 2017 to 2018.

Credit risk

Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their commitments to TGHL. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. TGHL has credit policies to address credit risk on accounts receivable from customers, which may include the analysis of the financial position of customers and review of credit limits. TGHL also reviews new customer credit history before establishing credit and periodically reviews existing customer credit performance. Generally, cash is received prior to the delivery of trucks. The Company applies the simplified approach for accounts receivables and lease receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime. At December 31, 2018, TGHL had one individual customer from the North America segment accounting for approximately 50.6% of total accounts receivable (2017 – 29.0%).

Market risk

Market risk is the risk that changes in market prices will influence future cash flows associated with financial instruments. There has been no change to the TGHL's exposure to Market risks and the way these risks are managed or measured. Market risk comprises three types of risk: currency risk, industry and commodity price risk.

Currency risk

In North America TGHL sells its products, as well as, purchases goods in both Canadian and U.S. currencies ("USD"). Accordingly, TGHL is exposed to currency risk as it relates to customer accounts receivable balances and trade accounts payable denominated in USD. TGHL is also exposed to changes in the exchange rate in China (RMB) with its operating segment in China. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or expense. TGHL enters into forward foreign exchange contracts or use other hedging activities to manage part of the foreign currency risk exposures relating to customer accounts receivable balances and trade accounts payable denominated in USD.

As at December 31, 2018, TGHL had no USD foreign currency forward contracts (2017 - $nil). The undernoted include amounts denominated in USD that have been converted to the Canadian dollar equivalent on the balance sheet date at a rate of $1.3642 per USD (2017 - $1.2545):

	Year ended December 31			
(In $000's USD)		**2018**		2017
Cash and equivalents	**$**	**767**	$	1,262
Accounts receivable		**1,566**		1
Accounts payable & accrued liabilities		**(736)**		(58)
Net foreign currency exposure	**$**	**1,597**	$	1,205

For the year ended December 31, 2018, if the Canadian dollar had strengthened 10% percent against the USD with all other variables held constant, net loss for the year would have been $198 lower (2017 - $121 higher). Conversely, if the Canadian dollar had weakened 10% percent against the USD with all other variables held constant, net income would have been $242 higher (2017 - $121 lower). Included in revenue are realized losses on translation of foreign currency monetary assets and liabilities and realized losses on foreign currency transactions of $58 for the year ended December 31, 2018 (2017 – $121 gain).

As at December 31, 2018, TGHL had no RMB foreign currency forward contracts (2017 - $nil). The undernoted include amounts denominated in RMB that have been converted to the Canadian dollar equivalent on the balance sheet date at a rate of $0.1983 per RMB (2017 - $0.1928):

Amounts reported in thousands (000's) except per share amounts

	Year ended December 31			
(In ¥000's Chinese Yuan)		**2018**		2017
Cash and equivalents	¥	**1,160**	¥	17,686
Accounts receivable		**2,403**		840
Prepaid expenses and other assets		**200**		169
Inventories		**3,219**		5,119
Property and equipment, net		**7,707**		30
Goodwill and intangible assets, net		**65**		64
Accounts payable & accrued liabilities		**(432)**		(400)
Net foreign currency exposure	¥	**14,322**	¥	23,508

For the year ended December 31, 2018, if the Canadian dollar had strengthened 10% percent against the RMB with all other variables held constant, net income for the year would have been $258 lower (2017 - $145 higher) and other comprehensive income would be $278 lower (2017 - $453 lower). Conversely, if the Canadian dollar had weakened 10% percent against the RMB with all other variables held constant, net income would have been $316 higher (2017 - $177 lower) and other comprehensive income would be $278 higher (2017 - $453 higher).

Industry and commodity price risk

TGHL's primary market is the municipal infrastructure industries as its core product is an integral technology utilized in that industry. In addition, demand for TGHL's equipment in the oil and gas industry is heavily influenced by activity levels, which in turn, is influenced by commodity prices of oil and natural gas. To manage this risk, TGHL has redesigned and expanded its core product lines to offer trucks that are built and priced for more industries such as the municipal markets and the milder climates and terrains of eastern Canada and the United States.

Manufacturing costs for the TGHL's products are affected by fluctuations in the price of raw materials. To manage its risk, TGHL implements selling price adjustments to match raw material cost changes where the market will bear it. This matching is not always possible as customers react to selling price pressures related to raw material cost fluctuations per conditions pertaining to their markets.

The sensitivity analyses in the currency risk above do not take into consideration that the TGHL's liabilities are actively managed. Additionally, the financial position of TGHL may vary at the time that any actual market movement occurs or be mitigated by management's actions to reduce exposure to risks.

There is no change in industry and commodity risk exposure from 2017 to 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its variable rates on term loans. The Company manages exposure to interest rate risk by using a combination of fixed and floating rate debt instruments. For the year ended December 31, 2018, if interest rates had been 50 basis points lower with all other variables held constant, after-tax net income for the period would have been $1 (2017 — $nil) higher, arising mainly as a result of lower interest expenses on variable borrowings. If interest rates had been 50 basis points higher, with all other variables held constant, after-tax net income would have been $1 (2017 — $nil) lower, arising mainly as a result of higher interest expenses on variable interest rate borrowings.

Conditions in China

General

TGHL's subsidiaries, Tornado Global Hydrovacs (Beijing) Limited and Tornado Hydrovacs Asia Pacific Ltd., operate and have assets in China. As a result, TGHL is vulnerable to the political, economic and legal and regulatory conditions affecting our business in China. The Chinese economy differs from the economies of most developed countries in a number of respects, including its structure, the level of government involvement, the control of foreign exchange and the allocation of resources.

Government control
An increasing number of strict regulations exist over the way business can be done in China. While all of the Company's competitors are subject to the same laws and regulations, the enforcement of those compliance regulations may be different for many local competitors. In certain designated industries, for example, multinational companies are required to co-operate with local joint venture partners, which are generally selected by the Chinese government, and governmental orders may be redirected towards local competitors in the future.

Inconsistent interpretation of rules and regulations
The Chinese government has issued a number of laws and regulations relating to taxes, such as corporate income tax law and transfer pricing. However, certain detailed implementation guidelines for these laws and regulations are still not pronounced, even though the respective laws and regulations may have taken effect. In addition, local authorities retain the right to interpret existing laws and regulations, resulting in a lack of consistency between individual provinces and jurisdictions.

Concerns about intellectual property
China's intellectual property laws are not as well developed as the intellectual property laws in many other first world countries with a more mature intellectual property protection regime. There is no assurance that the Company will be able to protect its intellectual property in China in the manner, with the same effect, or as on a timely basis, as it would have in such other countries.

Uncertainty regarding Chinese withholding tax on indirect transfers of Chinese enterprises by non-Chinese residents
The Company and its shareholders face uncertainties with respect to taxes imposed by Chinese authorities on previous and potential future indirect transfers of equity interests in enterprises resident in China or other assets attributed to a Chinese establishment of a non-Chinese company, or immovable properties located in China owned by non-Chinese companies, such as the Company's operations in China.

23. Capital disclosure and management

TGHL does not have any externally imposed restrictions on its capital. TGHL considers its net free cash to be its capital and manages the amounts based upon the projected needs of its individual geographic locations, China and North America, and its Corporate segment. TGHL monitors these amounts to ensure there is adequate cash to support the North American operations and the planned expansion in China. Should the projected requirements not be fulfilled, TGHL expects to raise additional cash through either the issuance of additional equity, acquisition of debt, or a combination thereof. As at December 31, 2018, TGHL had $1,983 (2017 - $1,831) cash in North America and Corporate and $245 (2017 - $3,801) in China available for the Chinese expansion. These levels are expected to meet the budgeted requirements for the next 12 months.

24. Contingencies

Director and officer indemnification
TGHL indemnifies its directors and officers against all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. TGHL has acquired and maintains liability insurance for its directors and officers.

Other indemnification provisions contingencies
From time to time, TGHL enters agreements in the normal course of operations and about business or asset acquisitions and dispositions. By their nature, these agreements may provide for indemnification of counterparties. The varying nature of these indemnification agreements prevents TGHL from making a reasonable estimate of the maximum potential amount it could incur.

Amounts reported in thousands (000's) except per share amounts

Other contingencies

TGHL is subject to various product liability or general claims and legal proceedings covering matters that arise in the ordinary course of business. All such matters are adequately covered by insurance or by accruals, or are determined by management to be without merit, or of such kinds or amounts as would not have a material adverse effect on the financial results of TGHL.

25. Contractual obligations and commitments

Operating lease commitments

The Company rents premises in Stettler Canada, under operating leases that requires annual total payments of $253 which expire between February 7, 2020 and June 30, 2021. The Company rents another premises in Stettler, Canada, under an operating lease that require annual payments of $19 which expires February, 2020. The Company also rents office space in Calgary, Canada, under a sub-lease which expires on July 31, 2019 that requires annual payments of $75. The Company also rents premises in Calgary under an operating lease that requires annual payments of $78 which expires on November 30, 2019. The Company rents premises in Beijing, China, under an operating lease that requires annual payments of $79 which expires in August 2019.

TGHL has the following lease commitments, which will be funded from ongoing operations over the next 5 years:

		2019		2020		2021		2022		2023 And Beyond
Stettler	$	253	$	236	$	117	$	-	$	-
Calgary Office		44		-		-		-		-
Calgary Other		72		-		-		-		-
Beijing Office		53		-		-		-		-
	$	**422**	**$**	**236**	**$**	**117**	**$**	**-**	**$**	**-**

26. Related party transactions

Transactions between the Company and related parties during the year ended December 31, 2018 comprised the following:

(a) During the year ended December 31, 2018 the Company's Beijing operation agreed to purchase inventory in the amount of $234 (the "Purchase Amount") on behalf of Dynamic Attractions Ltd ("Dynamic"), a subsidiary of the Former Parent. A director of Tornado is a director and officer of the Former Parent and another director of Tornado is a director of the Former Parent. The Purchase Amount is being repaid by Dynamic on agreed commercial terms. Dynamic will pay a commercially reasonable fee to the Company for its services. This transaction is measured at the exchange amount, which is the amount of consideration established and agreed to by the parties. As at December 31, 2018 the Company had a receivable of $101. The outstanding amount was paid in April 2019.

(b) During the year ended December 31, 2018, $10 of legal fees were incurred and paid to a China-based office of Dentons, a multinational law firm. Mr. George Tai, a director of the Company, is a Partner of a Canada based office of Dentons Canada LLP.

(c) During the year ended December 31, 2018 the Company had no purchases from the Former Parent (2017 - $360). As at December 31, 2018, the Company had a payable of $nil (2017 - $297) to the Former Parent.

(d) During the year ended December 31, 2017 the Company incurred interest on the loan from the Former Parent of $53. The loan was converted to equity on September 15, 2017.

Amounts reported in thousands (000's) except per share amounts

(e) During the year ended December 31, 2017, $137 of legal fees were incurred and paid to Carscallen LLP. Mr. George Tai, a director of the Company, was a partner of Carscallen LLP for a portion of the year ended December 31, 2017. During 2018, Mr. Tai was no longer a partner at Carscallen LLP.

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

27. Key management compensation

The Company's key management comprised its directors and executive officers who have been remunerated as follows:

	Year ended December 31	
	2018	2017
Management cash compensation	**$ 562**	$ 621
Management short term benefits	**22**	24
Management share based compensation	**71**	58
Directors share based compensation	**102**	85
Directors fees	**126**	125
Management termination benefits	**-**	29
	$ 883	$ 942

Short-term employee benefits include non-equity incentive plan compensation and other short-term benefits. Share-based compensation represents the portion of the Company's share based payments expense incurred during the year attributable to the key management and directors, accounted for in accordance with IFRS 2 'Share Based Payments'.

28. Cash flow changes from financing activities

Details of changes in financing activities for the two years ended December 31, 2018 and December 31, 2017 are as follows:

	January 1, 2018	Cash Flows	Non-cash changes				December 31, 2018
			Debt for Share Conversion	Fair Value / Amortization	Common Share Warrants Valuation	Change in Finance Leases	
Finance lease receivable	$ 503	$ (443)	$ -	$ -	$ -	$ 1,104	$ 1,164
Finance leases obligation	735	204	-	-	-	(1,697)	(758)
Loan payable	-	758	-	-	-	-	758

	January 1, 2017	Cash Flows	Non-cash changes				December 31, 2017
			Debt for Share Conversion	Fair Value / Amortization	Common Share Warrants Valuation	Change in Finance Leases	
Note payable	$ 2,775	$ -	$ (2,566)	$ (209)	$ -	$ -	$ -
Finance lease receivable	469	(335)	-	-	-	369	503
Finance leases obligation	28	329	-	-	-	378	735
Foreign currency forward contracts	27	-	-	(27)	-	-	-
Share capital	15,283	3,188	2,566	-	(144)	-	20,893
Common share purchase warrants	-	-	-	-	144	-	144

Amounts reported in thousands (000's) except per share amounts

29. Changes in non-cash working capital

	Year ended December 31	
	2018	2017
Accounts receivable	**$ (1,407)**	$ (1,038)
Inventory	**(1,873)**	172
Prepaid expenses and other assets	**50**	(68)
Accounts payable and accrued liabilities	**2,459**	(25)
Customer deposits	**242**	-
Current tax payable	**98**	57
Total change in non-cash working capital	**$ (431)**	$ (902)