FIELD SAFE
SOLUTIONS

People

Product

Process

Annual Report 2020

FIELD SAFE SOLUTIONS

Increase in Users:	Increase in Revenues:	Rule of 40*:	Net Revenue Retention Rate**:
2020 20k 2019 10k	229%	206	151%

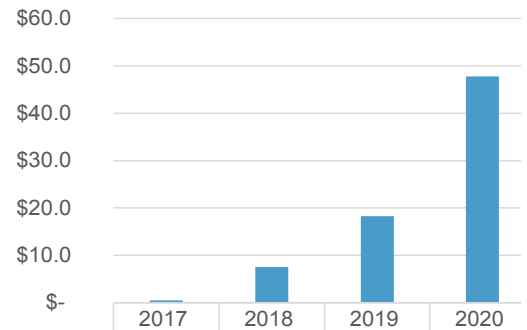
* **Rule of 40:** The principle that a software company's combined growth rate and profit margin should exceed 40% has gained momentum as a high-level gauge of performance for software businesses in recent years. Anything above 40% indicates a top performer.

** **Net Revenue Retention Rate:** The percentage of recurring revenue retained from existing customers for the year. A good score is 90% to 100%, and 151% shows increased usage and expansion by our customers.

FIELD SAFE
SOLUTIONS

Field Safe has 10 Fortune 1000 Enterprise customers. This makes us a market leader and has driven market capitalization growth.

Increase in Market Capitalization:

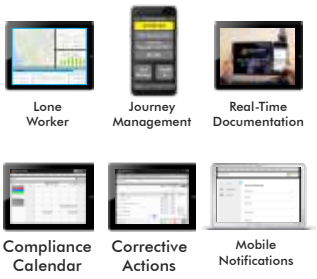


	2017	2018	2019	2020
Market Capitalization (millions)	$0.5	$7.5	$18.2	$47.8

Our Pillars:

People

- Our Enterprise Strategy is supported by experienced professionals who can understand and execute complex customer requirements.
- Our team has grown from 12 people at the start of 2020 to 42 at the end of 2020, providing Field Safe diversified skill sets and increased experience.
- We focus on efficiency from our team and maintained cashflow neutral operations through 2020, which is a significant achievement for a fast growth SaaS company.



Product

- Our safety application is a market leader in the Enterprise space due to its EASE-OF-USE, and because it creates a complete ALL-IN-ONE safety solution.
- We worked closely with our Enterprise customers and enhanced our products in 2020 with significant improvements to functionality, such as Compliance Calendar, Mobile Notifications, and Corrective Actions Register for improved environmental compliance performance, while adding quality control functionality.

Process

- We continued to mature processes in 2020 and passed security audits from leading Fortune 1000 companies.
- We implemented a stronger platform framework in 2020 to provide for future sustainability and scalability.
- We established SOC-2 processes and also upgraded AWS standards and cloud compliance.

AICPA SOC

aws

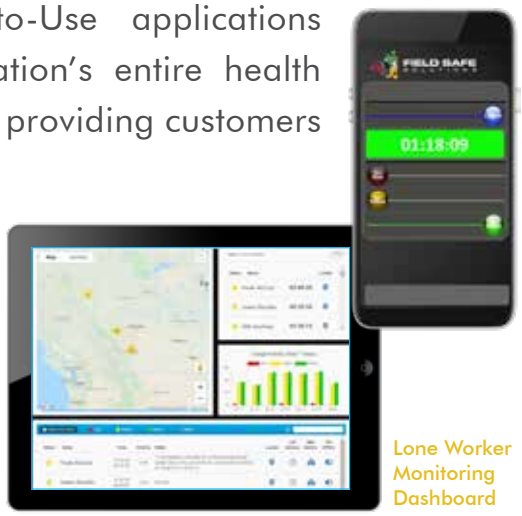
CORPORATE PROFILE

Field Safe provides real-time reporting and improves worker safety, which is a top priority for any company. The growth of Field Safe is due to real-time data and improved field data capture capabilities which creates significant savings in time and money.

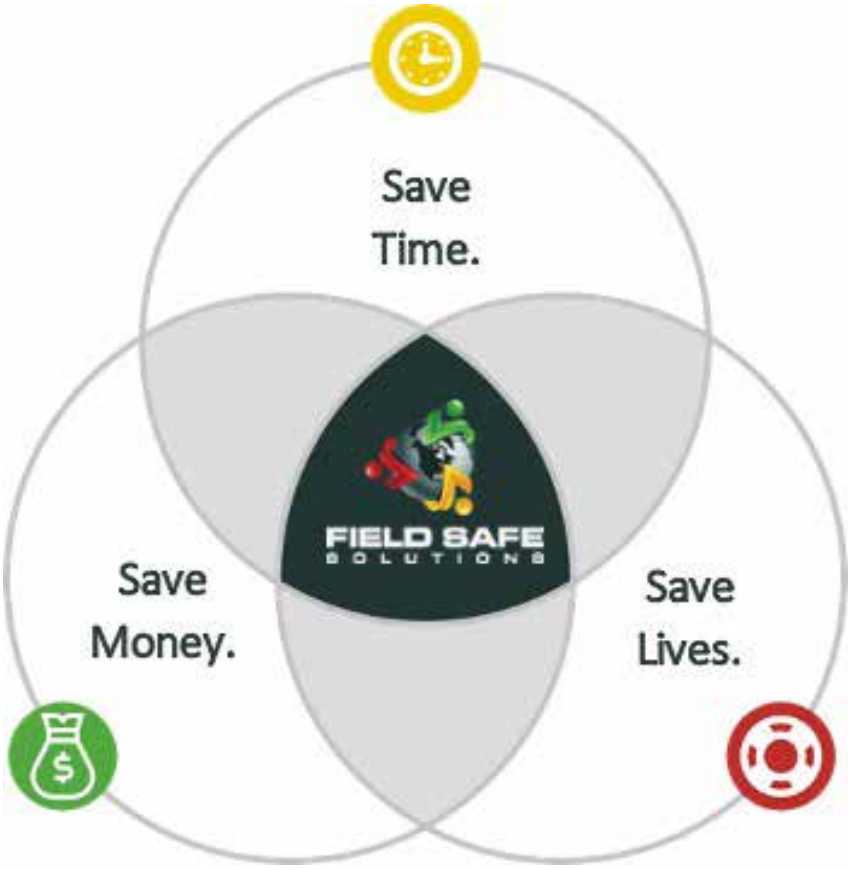
Every Company wants improved safety processes, and when this can be accomplished with better operational efficiencies that save time and money, then we are creating real value for our customers.

Field Safe Solutions... By the Field, For the Field.

Field Safe's Easy-to-Use applications digitize an organization's entire health and safety program, providing customers access to REAL-TIME DATA and the PEACE OF MIND that its employees are accounted for at any time, anywhere in the world.



Lone Worker Monitoring Dashboard



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- **Our Vision –** To be the global leader in the digital transformation of the at-risk workers' safety experience.
- **Our Mission –** To positively engage at-risk workers in a simple digital culture of safety. We will accomplish this by providing the easiest to use product on the market to encourage user adoption and better data. Our core objective is to help our customers to Save Time, Save Money and most importantly Save Lives.

FIELD SAFE SOLUTIONS

CEO'S MESSAGE

The year 2020 will be a memorable one in history for the challenges faced by everyone around the world, most notably a global pandemic. Like all companies, Field Safe had to adapt to overcome these challenges and I am very proud to end the year with strong financial performance, and significant growth. We have continued to build the pillars for our success: a strong balance sheet with ample working capital; adding strength to the team to provide a secure, stable, and scalable platform for our customers; and continuing to build the processes to enable our continued growth that is supported through a scalable operational team. The end results are significant. Concluding the year with 10 Fortune 1000 accounts as customers or partners makes us a leader in the Enterprise safety space, and the result of these efforts was a doubling of our share price.

Cam Barrett
Chief Executive Officer

The global pandemic has presented challenges through remote work, onboarding people who cannot meet face-to-face as often, and customers slowing down due to the uncertainty surrounding their businesses. However, it has also provided urgency as it became increasingly important to have accurate and reliable information about worker safety and location.

Field Safe continues to offer a leading solution for the health and safety of workers which is attracting market attention. Our 10 Fortune 1000 Enterprise customers are sophisticated and their feedback supports a strong product roadmap that will provide the functionality they will need going forward.

The continued year over year revenue growth of 229% illustrates our success in the market as both health and safety and efficiency through digitization are regularly key pillars of companies with field workers. What is especially compelling about our business plan is:

a. **Our ability to expand within our own customer base.** We have completed the heavy lifting navigating through the extensive due diligence that Enterprise customers demand and have established a partnership presence within these large organizations. This relationship helps us expand within the business into new projects and other divisions.

b. **The stickiness we are creating as we customize solutions for Enterprise customers.** As we develop customized solutions to solve Enterprise accounts' unique business challenges it separates us from the other software in the market. As is evident from our financial results, we are able to add this stickiness while maintaining positive cashflow from operations, which is very unique in the SaaS market.

New business opportunities are driving our expansion into US markets, and we opened a US office in late 2020. We are already actively engaged with new customers and in the process of hiring local team members to ensure they are well supported. I can confidently say that shareholders can expect big things from the US in 2021.

It is notable that Field Safe was nominated for, and received recognition by, a number of prestigious organizations including:

- "S&P Global Platts Global Energy Awards" category finalist "Commercial Technology of the Year". We are honored to have been included in a list with energy giants like PETRONAS, and AES.
- "Canadian Occupational Safety Magazine, 2020 Canada's Safest Employers Awards" category excellence award recipient "Best Safety Industry Provider".
- "Business Worldwide Magazine" included as a "Top 20 Most Innovative Companies to Watch 2020".
- "2020 Global Energy Awards" category nominee "Health & Safety".

"Our continued year over year revenue growth of 229% illustrates our success in the market as both health and safety and efficiency through digitization are regularly key pillars of companies with field workers. Our 10 Fortune 1000 Enterprise customers are sophisticated and provide us with a strong product roadmap for what they will also need in the future."

Cam Barrett

We look forward to continued growth in 2021 and beyond with a core platform of Enterprise customers, and an industry-leading position in the market that is supported by a strong financial position and an experienced and growing team of professionals. Thank you for your continued support of our growth story.

Cam Barrett
Chief Executive Officer

May 6th, 2021

OUR TEAM - FUELING OUR GROWTH

Executive Team

- **Cam Barrett, CEO.** Cam brings over 20 years of selling software and a history as a senior officer focused on increasing sales in both large and small businesses such as SAP, Axia, and Computer Sciences Corp. (CSC) where he was the Canadian President of over 800 employees. His 20-year career includes national and international sales leadership roles within industry-leading software and technology companies. Cam holds an MBA from Heriot-Watt University, an MSc (Law) from Abraham Lincoln University and an ICD.D designation from Rotman School of Business. He previously served as a Board Member of the Information Technology Association of Canada.

- **Danny Hay, CFO.** Danny is an experienced CFO as an officer and director of TSX and TSX-v listed companies. Most recently he was the CFO of an alternative energy company which sold at a 160% premium to the market price on the TSX. Danny has also completed numerous M&A transactions ranging from $15 million to $150 million and is on the Board of Directors of the Calgary Foothills Soccer Club. He is a Chartered Accountant and holds a BComm from the University of Calgary.

- **Mark Cudmore, Director, Operations.** Mark has over 20 years of senior leadership experience in the energy, financial services, and telecommunications industries. He was most recently General Manager of IT at CNOOC International. Mark was responsible for supporting field operations and corporate platforms for CNOOC's North American assets including Oil Sands and US Tight Oil. Prior to CNOOC, Mark was the Managing Director of Information Strategy at ATB Financial and Director of Business Intelligence at Shaw.

- **David Wilkinson, Director, Technology.** Dave lives and breathes technology. He has over 22 years of experience leading teams in digital strategy, crafting online experiences, and building the tools needed to make businesses work. Prior to joining Field Safe, Dave leveraged his diverse talents and passions and co-founded several companies including Eat North and Triple Helix Studies. He also served as Chief Technology Officer at HR-and, and RedPoint Media & Marketing.

- **Rob Sheasgreen, Director, IT.** Rob has over 30 years of experience in software development and IT leadership within the manufacturing, oil and gas, and non-profit sectors. Most recently Rob was General Manager, IT at YMCA Calgary where he also lent his expertise to YMCA Canada on nationwide projects. He was also General Manager of IT at an oil and gas rental and services company and the Software Development Manager for a North American manufacturer of building products.

- **Jeff Boettiger, Vice President, US Sales.** Jeff has 20+ years of experience in the oil and gas industry and IT professional services. He spent 18 years with Schlumberger Technology Corporation where he served in several leadership roles including VP Sales and Commercial for Dallas/Fort Worth, North America Industry Affairs Manager, and Schlumberger Information Solutions Operations Manager - Canada. Jeff is the Advisory Board Chair for the Texas Energy Council, and a member of the advisory board for the Energy Workforce and Technology Council.

- **Trina McKay, Corporate Controller.** Trina has over 20 years of experience as a financial leader. Prior to joining Field Safe, Trina held roles with both TSX listed and private companies. Most recently she was the VP, Finance of a large, privately owned construction materials company. Trina sits on the Board of Directors of the Co-West District, Girl Guides of Canada. She is a Chartered Professional Accountant (CPA, CA) and holds a BComm from the University of Victoria.

- **Scott Gibson-Craig, Technical Product Manager.** Scott's goal is to foster a culture of ownership, continual learning and hands-on coaching and to evolve processes by reducing inefficiencies and eliminating barriers. Prior to joining Field Safe, he worked in a variety of senior software developer positions for companies including HR-and, Done Safe, The University of Calgary and Six Safety Systems.

"In 2020, Field Safe established a stronger Management Team, Board, Advisory Board, and hired 30 full-time employees."

Cam Barrett

Board of Directors

- **Mike Heier, Executive Chairman, Board of Directors.** Mike is the founder of Trinidad Drilling. He has approximately 40 years of experience in the oil and natural gas industry, including in western Canada, through his involvement with exploration and production and oilfield services companies. Mike has served on numerous public and private for-profit, and non-profit, boards. Mike's career experience includes President, Chief Executive Officer and Director of Millennium Stimulation Services Ltd. (a private oilfield services company that specialized in coiled-tubing fracturing stimulation services); Co-founder and Chairman of the Board for Alter NRG Corp., (a provider of alternative clean and renewable energy solutions); Founder, Chairman and Chief Executive Officer of Trinity Energy Inc. (an oil and gas exploration company).

- **Allan Mackenzie, Member, Board of Directors.** Allan is the owner and principal of Disruptive Ventures, an IT private equity fund. Previously, Allan was a partner of Octane Venture Partners, an oil and gas technology venture capital fund. With over 15 years of total investing experience, Allan has also served as Chairman for two software technology companies, Tynt and Optessa. Allan was the CFO at Quack.com, which raised $4.5 million and was purchased 18 months later for $200 million by AOL. He holds a BSc in Engineering and a BA in Economics from Stanford University. He also holds an MBA from the University of Western Ontario.

- **Bill Giese, Member, Board of Directors.** Bill is the President and Chief Executive Officer of Synergy Land Services, a company that provides high-quality land services to clients in the areas of energy and infrastructure. Bill has worked in energy 30+ years, first in utilities and then as a land man in oil and gas. He sits on the IRWA sub-committee, CRWEF, where he advocates for furthering the education of right of way professionals. He has his SR/WA designation and facilitates several IRWA courses. He is also a member of CAPL and AASLA and is a long-time volunteer with the Calgary Stampede's Downtown Attractions Committee.

- **Craig Croney, Member, Board of Directors.** Craig is the Vice President of Operating Services at Pembina Pipeline Corporation where he is accountable for Pembina's Control Centre, Operating Management System, Operational Excellence team and the Supply Chain Management team. Prior to Pembina, Craig was a Director at Hatch where he led the Western Canadian business providing engineering, procurement, and construction management services to the oil and gas sector. He holds a B.A.SC in Mechanical Engineering and a MEng in Chemical Engineering from The University of British Columbia. He also holds an MBA from Queen's University.

- **David Eastham, Board of Directors and Audit Committee Chairman.** David is the President and Chief Executive Officer of Castlegate Energy Inc., a private oil and gas exploration and development corporation. He has 35 years of experience in the oil and gas industry and has led numerous private and public company financings, asset acquisitions & dispositions and corporate sales. David was Director, VP Finance, CFO and Secretary of Exoro Energy, and VP Finance, CFO and Secretary of Northern Crown Petroleums, Northern Crown Resources, and Tethys Energy. He is a Chartered Accountant and holds a BComm from the University of Calgary.

- **Gerald Catenacci, Board of Directors.** Gerald has focused his career in capital markets management and is the Founder and President of Neustrada Capital, LLC, a private investment fund. Previously, he was the Founding Partner and Managing Member of Principled Capital Management. He was also focused on Equity Sales at RBC Dominion Securities (New York), and Equity trading and sales at Dominion Securities (Toronto). Gerald holds a Bachelor of Science in Civil Engineering from McMaster University.

- **Sarah Gingrich, Board of Directors.** Sarah is a Partner at Fasken Martineau DuMoulin, a full-service law firm working with clients around the globe. She focuses on corporate finance, mergers and acquisitions, cross-border and private equity transactions. Sarah has extensive experience with public and private equity, debt financings and initial public offerings and advises clients on proxy contests, corporate governance, continuous disclosure obligations and general regulatory compliance matters. Recognized for her expertise and client service as an Acritas "Star Lawyer", by the IFLR 1000 and by the Legal 500 Canada, Sarah often provides market insight to business media outlets. She holds a BA in History from Western University, a MA in Military History from Wilfrid Laurier University and her LLB, Law from Dalhousie University.

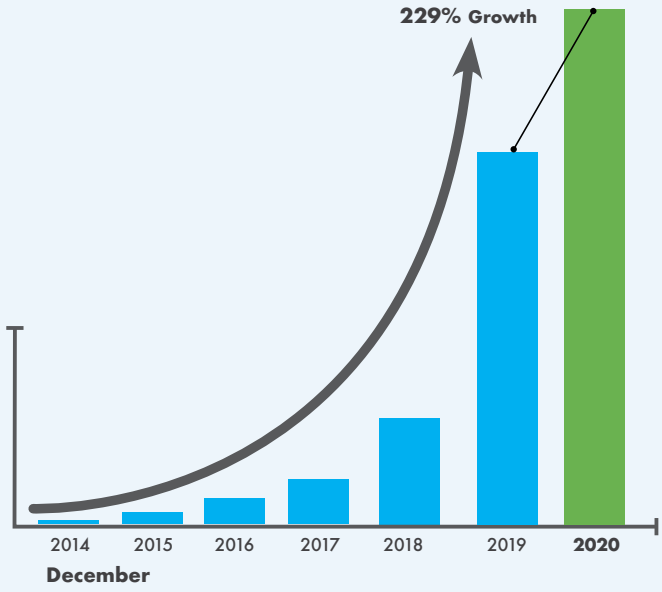
COMMERCIAL HIGHLIGHTS
(TO FEBRUARY 5TH, 2021)

- Field Safe revenues increased 229% from $1,011,937 for the year ended December 31, 2019 to $3,332,471 for the year ended December 31, 2020. This illustrates our strong competitive position within the market.
- Field Safe continued to work with multiple Fortune 1000 Companies as either channel partners or customers and expects to expand activity with these reputable customers through 2021.
- Field Safe signed a large Enterprise customer in late 2019, a Fortune 200 EPC company which is building Canada's largest energy project. This contract has a four-year term and more than doubled Field Safe's MRR.
- In January of 2020, Field Safe software was launched for use at a fabrication yard in Japan related to Canada's largest energy project, expanding the Company's geographic footprint.
- In February of 2020, Field Safe closed an equity financing totaling $3.8 million at $3.00 per share which was double the price of $1.50 in last round of financing during the first half of 2019.
- In March of 2020, a large, well-respected energy producer in Calgary signed a contract with Field Safe worth $4,500 per month to track operational efficiency for their operations and increase overall production.
- In March of 2020, Field Safe developed additional COVID-19 tracking protocols jointly with our strategic partner STARS creating an effective solution for many of our customers.
- In April of 2020, Field Safe expanded services including 24/7 help desk support for one of our largest customers who are using our product for field-level time reporting, resulting in $50,000 of additional monthly revenue.
- In May of 2020, Field Safe finalized a one-year extension with Canada's largest energy project for additional product enhancements creating over $1 million in new change orders.
- In June of 2020, Field Safe closed on a proof of concept with a Fortune 10 Energy Company looking to better monitor the safety and operations of its employees, as well as digitize the field.

"Since 2014, Field Safe's application has undergone continued development and has attained a strong competitive position in the market. For the year ended December 31, 2020, revenues increased by $3,332,471 or by 229%."

Cam Barrett

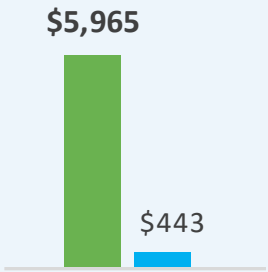
2020 was a transformative year for the Company as we captured a leading market position through the acquisition of large and reputable Enterprise accounts. This strong customer-base drove financial performance in 2020, and we expect to continue to deliver significant financial performance in the future as we expand our customer relationships by meeting their complex business requirements.



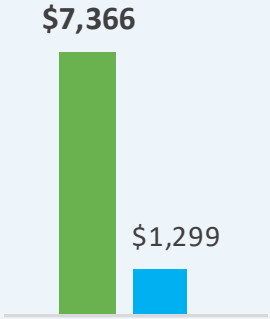
- In July of 2020, Field Safe launched significant products including Mobile Notifications, Compliance Calendar, and Corrective Actions Register. These products allow our customers to efficiently manage communication and task completion of their workforce which saves time and money.
- In July of 2020, Field Safe closed on a proof of concept with a leading Fortune 500 pipeline company looking to better monitor the safety and operations of their employees. They are looking to utilize our solution in both Canada and the United States.
- In August of 2020, Field Safe expanded our geographical footprint by launching our first project in the Australian market with a leading worldwide EPC Company.
- In September of 2020, Field Safe expanded our relationship with our largest customer to include an on-site service and support desk creating approximately $50,000 of MRR.
- In September of 2020, Field Safe launched a Canadian-based construction company with over 1,000 employees to better monitor and track its employees' safety and location.
- In October of 2020, Field Safe executed an agreement with another Fortune 1000 pipeline company for our Lone Worker Monitoring solution as well as digitization of key data.
- In November of 2020, Field Safe almost doubled the monthly revenue on a major site with a leading Canadian Telecom provider.
- In November of 2020, Field Safe expanded its relationship with our largest customer including the expansion of product functionality to include quality control, and inspections for additional revenue of approximately $900,000.
- In December of 2020, Field Safe closed on $3.0 million of additional share capital at $6.00 per share which is double the price of the February financing. This maintains a strong financial position to fund future R&D expenditures and US expansion.

Twelve Months Ended December 31, 2020 and December 31, 2019

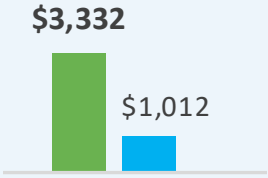
(Values are in '000)



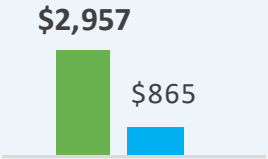
Shareholders' Equity



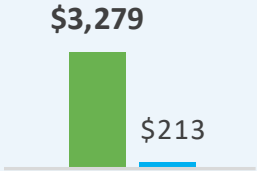
Total Assets



Revenue



Gross Profit



Cash and Cash Equivalents

Increase in Revenues in 2020:

229%

Increase in Users in 2020 to:

20k

Number of Fortune 1000 Enterprise Customers in 2020:

10

OUR SOLUTIONS

Field Safe provides easy-to-use safety solutions that support today's connected worker. Field Safe helps you construct a complete, all-in-one health and safety system that facilitates real-time communication, monitors journey management, tracks tickets and tasks, digitizes forms completion and data capture, ensures regulatory compliance and improves corporate decision-making.

Lone Worker Monitoring

With Field Safe, your workers are never truly alone. In North America we have some of the world's most stringent regulations to protect lone workers. Even without them, the primary goal of organizations is to keep their people safe. Field Safe's Lone Worker Monitoring solution helps you meet your lone worker safety goals because with Field Safe, they are never truly alone.

Journey Management

Field work is a journey, not just a destination. One of the riskiest activities your field and remote workers can face is the trip to and from the site. The best safety applications recognize this and include a digital journey management component that is easy-to-use, keeps workers connected in real-time, identifies potential threats throughout the journey and provides a complete record of every trip.

Real-Time Documentation

Field Safe resolves one of the biggest challenges organizations face: the real-time exchange of information between workers and head office. Ease-of-use drives user adoption, and faster forms completion and submission.

Mobile Notifications

Field Safe's Mobile Notifications makes it easier for customers to notify team members about new safety requirements and remind them of upcoming deadlines by providing next level safety program communication and collaboration.

Compliance Calendar

Assign tasks. Track progress. Send reminders and notifications. Monitor completion status. Field Safe's Compliance Calendar simplifies the administration of, and provides a clear line of sight to, the status of all your safety, regulatory, and environmental programs' compliance obligations.

Corrective Actions Register

Ensure identified deficiencies are quickly actioned and resolved. When performing tasks, completing inspections or investigating hazards, unsafe or unsatisfactory conditions are often discovered. Action plans to resolve the issue and mitigate the threat must be put in place to ensure deficiencies are resolved. If your processes are still manual, corrective actions may be delayed or forgotten entirely.

Smarter Workflows

Smarter workflows reduce the touch points that slow down the transfer of information. They ensure actions are responded to more quickly and less expensively.

Safety Ticket Management

Manage and track the status of your workers' certifications and training. A strong safety program ensures your people (employees as well as contractors) have the training and certifications required to safely be on-site and performing their duties.

Task Completion Workflow

Digitally assign, route and track completion of tasks and work permits. Field Safe enables the efficient assignment, routing, approvals, and completion of tasks and work permits by digitizing processes from start to finish.

Connected Worker

Connecting your workers with a digital safety application helps executives, board members and health and safety professionals meet their goals of improving worker safety while also creating optimized, lower cost operations.

Employee and Contractor Monitoring

How effective is your workforce monitoring? Understanding instantly the exact location and certifications of your employees and contractors will improve their safety while allowing you to better deploy them to resolve your highest priority business needs — simply, quickly and cost effectively.

Prioritize Asset Maintenance with Geofencing

Are you operating by priority using data to inform your decisions? Geofencing enables the real-time sharing of information on the status and performance of your assets so that as need arises, you can cost effectively deploy the right team members to perform corrective actions.

Pandemic Safety and Return to Work Support

Whether they are working from home, the office, at site, or in transit, instant awareness of your team members' location, health and safety status, and fitness for duty has never been more important.

"Field Safe provides Enterprise software solutions which can increase productivity and workflow visibility, reduce human error, and improve efficiency."

Cam Barrett

STRATEGIC PARTNERSHIPS

Field Safe has partnered with industry leaders to drive innovation in the health and safety market. This includes partnerships with leading Internet of Things (IoT) providers to continue to enable innovation; partnerships with other safety providers to enable immediate responsiveness for safety events; and partnerships with hardware providers to provide additional platform functionality, in particular satellite coverage to protect workers when out of normal coverage areas.

IBM

Field Safe captures data in a structured and timely manner that fits into the IBM core data analysis solutions. IBM is a formal strategic partner and has twice featured Field Safe on the back cover of Watson Magazine.

TELUS

The TELUS and Field Safe partnership provides joint services to a large Fortune 200 customer. Field Safe software uses TELUS data programs, as well as bundling other channel partners, to create a more complete offering.

STARS EMERGENCY LINK

Field Safe customers gain extra peace of mind knowing that in case of emergency, STARS Air Ambulance is notified through our real-time platform when needed to provide emergency assistance.

GARMIN

Garmin is a global satellite tracking hardware and software vendor. It is specifically configured to the Field Safe platform so workers can be tracked seamlessly even when outside of cell coverage areas.

RKI INSTRUMENTS

The RKI Instruments and Field Safe partnership provides solutions for gas detectors, fixed gas monitors, and multi-gas sensor products for safety and reliability. RKI Instruments is an ISO 9001:2015 certified company.

SONIM TECHNOLOGIES

The Sonim Technologies and Field Safe partnership provides ultra-rugged mobility solutions designed specifically for task workers physically engaged in their work environments, often in mission-critical roles.

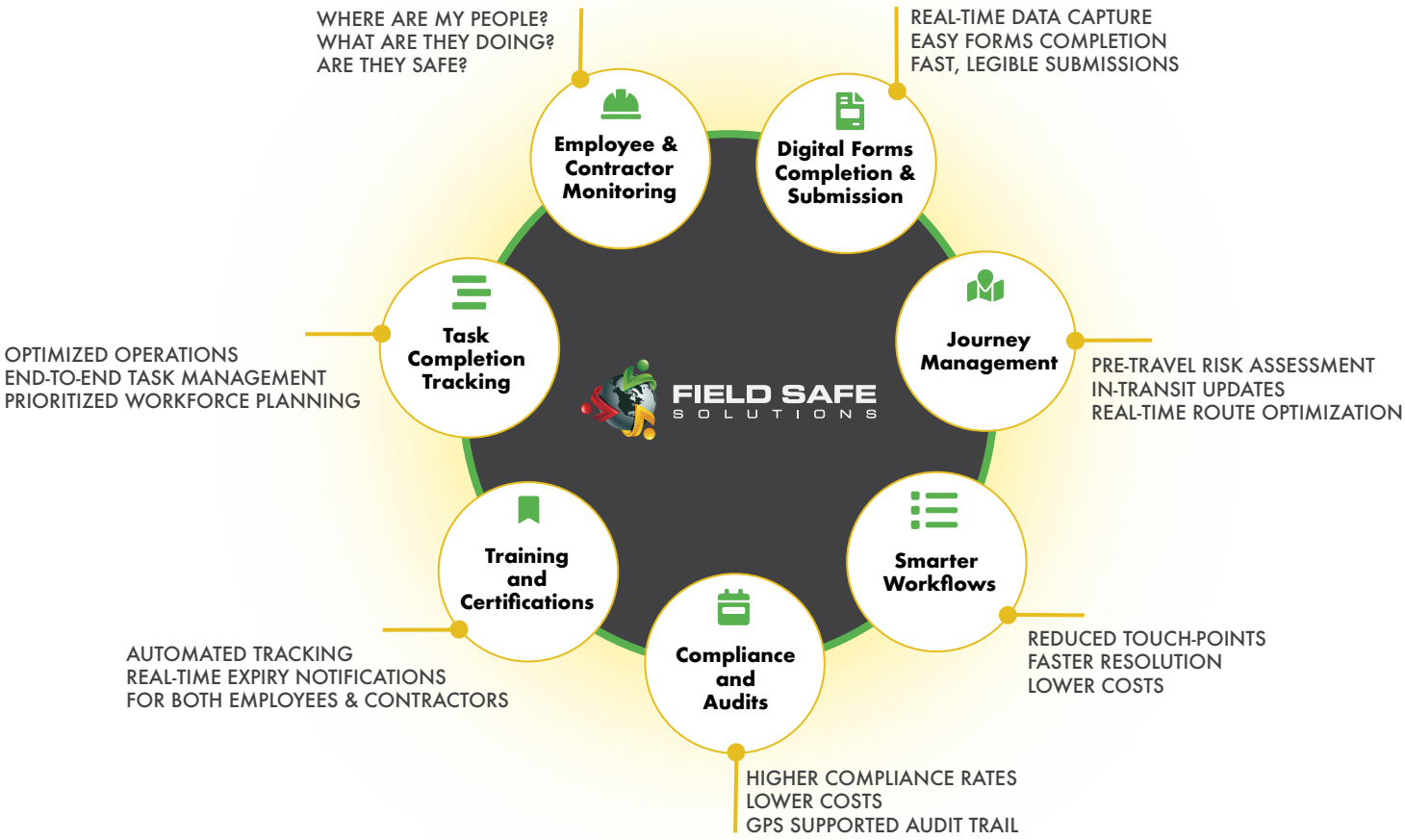
"Partnering with IBM, TELUS, STARS, GARMIN, RKI INSTRUMENTS, and SONIM TECHNOLOGIES strengthens our ability to serve our customers and helps us grow as a company. We are proud of our strategic partnerships and excited by the potential they afford Field Safe and our joint customers."

Cam Barrett

CONNECTED WORKERS

Connecting your workers with a digital safety application helps executives, board members and health and safety professionals meet their goals of improving worker safety while also creating optimized, lower cost operations.

- Easy to Use
- Quick to Implement and Deploy
- High User Adoption
- Fast Time to Value
- Real-Time Data and Communications
- All-in-One Safety Program



Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") for Field Safe Solutions Inc. ("Field Safe", or the "Company"), prepared as at May 6, 2021 provides a review of the Company's financial results for the year ended December 31, 2020, and consideration of future opportunities. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the Company for the year ended December 31, 2020. The Field Safe audited consolidated financial statements and extracts of those consolidated financial statements provided within this MD&A were prepared in Canadian dollars and are in accordance with International Financial Reporting Standards ("IFRS").

Readers are cautioned that this MD&A contains certain forward-looking statements. Please see the "Forward-Looking Statements" section at the end of this document for a discussion concerning the use of such information in this MD&A.

Executive Summary

Field Safe provides real-time reporting and improves worker safety, which is a top priority for any company. The growth of Field Safe is due to real-time data and improved field data capture capabilities which can create significant savings in both time and money. Every Company wants improved safety processes, and when this can be accomplished with better operational efficiencies that save time and money, then we are creating real value for our customers.

- Our Vision – To be the global leader in the digital transformation of the at-risk workers' safety experience.

- Our Mission – To positively engage at-risk workers in a simple digital culture of safety. We will accomplish this by providing the easiest to use product on the market to encourage user adoption and better data. Our core objective is to help our customers to Save Time, Save Money and most importantly Save Lives.

Field Safe's core focus is to develop Easy-To-Use Solutions. By keeping the solution easy to use for the user this helps to increase the amount of compliance, and the amount of data for improved HSE programs. The solution was developed "By the Field, For the Field" which means we work with the fieldworker on every assignment to make their job easier and more efficient. The end results in increased and more reliable information which helps drive corporate efficiency and better decision making.

Field Safe is a Software as a Service ("SaaS") Company which focuses on monthly recurring revenues ("MRR") through a subscription-based model. The Company does have one-time fees on most new installations, but generally does business on 3-year contracts with monthly revenues that comprise the majority of the revenue.

Capability

The product meets a market need for increased ease-of-use for field data capture for health and safety solutions for field workers. The MRR growth in 2020 was through significant customer acquisition, continued development of the product and maturing channel partnerships. The Company is in a strong market position having strong management capability, a strong board of directors and recognized industry partners.

Management is developing new health, safety and environmental solutions which is a long-term process and management recognizes that the Company must generate positive cash flows. The Company increased revenues by 229% year over year and reported an operating cashflow, before changes in non-cash working capital of $104,654, for the year ended December 2020 (2019 – outflows of $1,002,222), with the continued goal of operating cashflow neutral in 2021 and onwards. In February of 2020, Field Safe closed a $3.8 million financing at $3.00 per share and an additional $3 million in December 2020 at $6.00 per share. Field Safe believes these financings will provide a solid foundation for future growth and the working capital to maintain active operations for the foreseeable future.

Commercial Highlights

- Field Safe revenues increased 229% from $1,011,937 for the year ended December 31, 2019 to $3,332,471 for the year ended December 31, 2020. This illustrates our strong competitive position within the market.
- Field Safe continued to work with multiple Fortune 1000 Companies as either channel partners or customers and expects to expand activity with these reputable customers through 2021.
- Field Safe signed a large Enterprise customer in late 2019, a Fortune 200 EPC company which is building Canada's largest energy project. This contract has a four-year term and more than doubled Field Safe's MRR.
- In January of 2020, Field Safe software was launched for use at a fabrication yard in Japan related to Canada's largest energy project, expanding the Company's geographic footprint.
- In February of 2020, Field Safe closed an equity financing totaling $3.8 million at $3.00 per share which was double the price of $1.50 in last round of financing during the first half of 2019.
- In March of 2020, a large, well-respected energy producer in Calgary signed a contract with Field Safe worth $4,500 per month to track operational efficiency for their operations and increase overall production.
- In March of 2020, Field Safe developed additional COVID-19 tracking protocols jointly with our strategic partner STARS creating an effective solution for many of our customers.
- In April of 2020, Field Safe expanded services including 24/7 help desk support for one of our largest customers who are using our product for field-level time reporting, resulting in $50,000 of additional monthly revenue.
- In May of 2020, Field Safe finalized a one-year extension with Canada's largest energy project for additional product enhancements creating over $1 million in new change orders.
- In June of 2020, Field Safe closed on a proof of concept with a Fortune 10 Energy Company looking to better monitor the safety and operations of its employees, as well as digitize the field.
- In July of 2020, Field Safe launched significant products including Mobile Notifications, Compliance Calendar, and Corrective Actions Register. These products allow our customers to efficiently manage communication and task completion of their workforce which saves time and money.
- In July of 2020, Field Safe closed on a proof of concept with a leading Fortune 500 pipeline company looking to better monitor the safety and operations of their employees. They are looking to utilize our solution in both Canada and the United States.
- In August of 2020, Field Safe expanded our geographical footprint by launching our first project in the Australian market with a leading worldwide EPC Company.
- In September of 2020, Field Safe expanded our relationship with our largest customer to include an on-site service and support desk creating approximately $50,000 of MRR.
- In September of 2020, Field Safe launched a Canadian-based construction company with over 1,000 employees to better monitor and track its employees' safety and location.
- In October of 2020, Field Safe executed an agreement with another Fortune 1000 pipeline company for our Lone Worker Monitoring solution as well as digitization of key data.
- In November of 2020, Field Safe almost doubled the monthly revenue on a major site with a leading Canadian Telecom provider.
- In November of 2020, Field Safe expanded its relationship with our largest customer including the expansion of product functionality to include quality control, and inspections for additional revenue of approximately $900,000.
- In December of 2020, Field Safe closed on $3.0 million of additional share capital at $6.00 per share which is double the price of the February financing. This maintains a strong financial position to fund future R&D expenditures and US expansion.

Strategic Partnerships

Field Safe has partnered with industry leaders to drive innovation in the health and safety market. This includes partnerships with leading IoT providers to continue to enable innovation; partnerships with other safety providers to enable immediate responsiveness for safety events; and partnerships with hardware providers to provide additional platform functionality, in particular satellite coverage to protect workers when out of normal coverage areas.

- **IBM.** Field Safe captures data in a structured and timely manner that fits into the IBM core data analysis solutions. IBM is a formal strategic partner and has twice featured Field Safe on the back cover of Watson Magazine.

- **TELUS.** The TELUS and Field Safe partnership provides joint services to a large Fortune 200 customer. Field Safe software uses TELUS data programs, as well as bundling other channel partners, to create a more complete offering.

- **STARS EMERGENCY LINK.** Field Safe customers gain extra peace of mind knowing that in case of emergency, STARS Air Ambulance is notified through our real-time platform when needed to provide emergency assistance.

- **GARMIN.** Garmin is a global satellite tracking hardware and software vendor. It is specifically configured to the Field Safe platform so workers can be tracked seamlessly even when outside of cell coverage areas.

- **RKI INSTRUMENTS.** The RKI Instruments and Field Safe partnership provides solutions for gas detectors, fixed gas monitors, and multi-gas sensor products for safety and reliability. RKI Instruments is an ISO 9001:2015 certified company.

- **SONIM TECHNOLOGIES.** The Sonim Technologies and Field Safe partnership provides ultra-rugged mobility solutions designed specifically for task workers physically engaged in their work environments, often in mission-critical roles.

INCOME STATEMENT AND CASH FLOW

(Canadian dollars)	2020	2019
Total revenues	$ 3,332,471	$ 1,011,937
Cost of sales	(375,272)	(147,027)
General, administration, selling and distribution expenses	(2,854,328)	(1,864,313)
Share-based payments	(227,582)	(139,133)
Depreciation and amortization	(629,322)	(153,815)
Bad debts expense	(54,378)	(4,081)
Loss before tax and total loss	(808,411)	(1,269,432)
Loss per share – basic and diluted	(0.12)	(0.25)
Cash provided by (used in) operations (before changes in non-cash working capital)	$ 104,654	$ (998,141)

STATEMENT OF FINANCIAL POSITION

As at December 31	2020	2019
Total assets	$ 7,365,714	$ 1,298,611
Total liabilities	1,400,980	855,616
Shareholders' equity	$ 5,964,734	$ 442,995

OVERALL PERFORMANCE

Revenues

For the year ended December 31, 2020, total revenues of $3,332,471 were $2,320,534 or 229% higher than the year ended December 31, 2019. The significant increase in revenues is due an increased customer base, strengthened relationships with Enterprise customers and added strength and performance of the expanded management team. We expect that we will continue to sign major customers and expand current customers in 2021.

Gross margins were 89% for the year ended December 31, 2020 compared to 85% for 2019. The gross margins are high for both periods as sales are generally derived from monthly recurring revenues with limited ongoing costs. Routine customer inquiries by support staff are recorded in cost of sales.

Selling, General and Administrative Expenses

The total selling, general and administrative expenses for the year ended December 31, 2020 were $2,854,328, which is a 53% increase over 2019 costs of $1,864,313. During 2020, the Company expanded its management team, hired key employees, and built in new product features to maintain a competitive advantage in the digital health, safety, and environmental market.

For the years ended December 31	2020	2019
Employee costs, net of development costs	$ 1,856,928	$ 1,278,883
Office and operating costs	394,508	311,158
Professional and consulting fees	394,380	169,065
Travel costs	42,393	81,870
Severance	125,156	0
Other costs	40,963	23,337
Total	$ 2,854,328	$ 1,864,313

Employee costs increased by $578,045 for the year ended December 31, 2020 which is attributable to the growth in the number of employees from twelve to forty-two, to support growth and expansion of the product.

For the year ended December 31, 2020, office and operating costs increased by 83,350. The expenses in 2020 are higher and reflect expected levels as the Company had a professional office space in downtown Calgary for the entire year of 2020.

Professional and consulting fees for the year ended December 31, 2020 are $225,315 higher than 2019 as a result of additional efforts in growing the business, hiring employees and expanding our platform.

Travel costs for the year ended December 31, 2020 decreased by $39,477. The decrease in costs was a result of less travel due to the global pandemic.

Other costs include conference fees, sponsorship, and other dues and subscriptions.

Share-Based Compensation

Total share-based compensation for year ended December 31, 2020 were $227,582 which is an increase from $88,449 over the prior year due to the initial grant of stock-based compensation awarded to new employees, Board members and advisors. The stock option program was established in June of 2019 to incent key stakeholders and align their interests with shareholders.

Depreciation and Amortization

For the years ended December 31		2020		2019
Depreciation	$	49,775	$	6,456
Amortization		579,547		147,359
Total	$	629,322	$	153,815

Amortization and depreciation for the year ended December 31, 2020, increased by $475,507 compared to the same period in 2019 due mostly to the increased amortization of the development costs of the Field Safe product. Development has focused on increasing marketability and usability through new design features.

Income Taxes

For the years ended December 31		2020		2019
Deferred income tax asset	$	0	$	0
Deferred income tax recovery	$	0	$	0

The Company has unused deductions of $2,547,289 for tax purposes, primarily non-capital losses, for which a deferred income tax benefit is not recorded due to lack of certainty regarding the realization of this benefit. The Company will record the benefit of the tax assets once the Company achieves positive cash flow from operations.

Net Loss

The Company continues to incur losses as it increases revenue, while further developing the software and executing on its strategic plan. The accumulated deficit at December 31, 2020 was $3,329,702. For the year ended December 31, 2020, the Company recorded revenues of approximately $3,332,471 as compared to approximately $1,011,937 for of the 2019 year. The loss for the year ended December 31, 2020 was only $808,411 as compared to $1,296,432 for 2019. The business earns positive margins and generated cashflow from operations, before changes in non-cash working capital, of $104,654. The Company continues to focus on increasing revenues by leveraging its strong position in the market and reputable customer base in order to further technological development.

Liquidity and Capital Resources

The Company's working capital balance is approximately $3,762,412 at December 31, 2020, an increase from the balance at December 31, 2019 of $60,510. Working capital provides funds for the Company to meet its operational and capital requirements. In 2020, the Company raised an additional 6.8 million in equity which provides additional financial strength.

Management believes that increases in revenues will provide the necessary capital to fund operations as the contracts are multi-year and based on monthly recurring revenues. Delays in revenues, diminished project profit margins or higher than expected expenses could result in the need to raise additional working capital.

Capital Expenditures

For the years ended December 31		2020		2019
Property, plant and equipment	$	124,517	$	26,299
Intangible assets		2,294,778		374,141
Total capital expenditures	$	2,419,295	$	400,440

Intangible asset expenditures consist of internal project development work by the Company's development team and reflect the technology advancements that the Company engaged in to increase the marketability of the technology. During 2020, the majority of the intangible assets related to specific functionality that added marketability to the core safety platform.

Equity

The authorized share capital of the Company consists of an unlimited number of common shares.

As at December 31, 2020, the Company had 7,271,554 common shares issued and outstanding and stock options issued and outstanding, of which 449,165 were vested.

On February 28th, 2020 the Company granted to certain directors, officers and employees 113,000 stock options at an exercise price of $3.00 per share, which are exercisable for a period of ten years.

On May 20th, 2020, the Company granted to certain directors, officers and employees 102,000 stock options at an exercise price of $3.00 per share, which are exercisable for a period of ten years.

On August 20th, 2020, the Company granted certain directors, officers and employees, 51,000 stock options at an exercise price of $3.00 per share, which are exercisable for a period of ten years.

On December 3rd, 2020, the Company granted certain directors, officers and employees, 103,500 stock options at an exercise price of $6.00 per share, which are exercisable for a period of ten years.

Outlook

During 2020, the Company expects its software technology will contribute directly to increased revenues. Further increases in the customer base will increase cash inflows and the Company is actively supporting near-term opportunities. Management is committed to focusing on capitalizing on revenue generating opportunities and concentrating on the goals that deliver cash flow.

Cash used in continuing operations for the year ended December 31, 2020 was $599,313 compared to $962,290 for 2019. The Company is no longer burning cash in operations (excluding working capital changes) and has a positive operating cashflow of $104,654 in 2020 compared to an outflow $998,141 in 2019. Cash provided by operations is expected to improve as the Company secures additional software technology sales contracts, recurring revenue and reduces costs. The timing of these cash flows is a function of sales timing, type and margin and can be affected by various operating issues as outlined further in the "Business Conditions and Risks" section.

Off-Balance Sheet Arrangements

As at December 31, 2020 and 2019, the Company did not have any off-balance sheet arrangements.

Financial Instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities. Due to the short-term nature of these financial assets and liabilities, the carrying values equal the fair values. The Company, however, remains exposed to various risks associated with financial instruments including credit risk, foreign currency risk, interest rate risk and liquidity risk. The Company did not hold or issue any derivative financial instruments during the year ended December 31, 2020 or 2019.

Critical Accounting Estimates

The preparation of the Company's audited consolidated financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date and the reported amounts of revenue and expenses for the periods presented. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Anticipating future events involves uncertainty and consequently, the estimates used by management in the preparation of the audited consolidated consolidated financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. The key sources of estimation uncertainty for the year ended December 31, 2020 are consistent with those disclosed audited consolidated financial statements and are as follows:

Assessment of Impairments

The Company's impairment tests for intangible assets are based on value-in-use calculations that use a discounted cash flow model. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections, including economic risk assumptions and estimates of achieving key operating metrics. Management uses its best estimate to determine which key assumptions to use in the analysis. The cash flows are derived from the Company's budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The Company measures the assets held for sale at the lower of its carrying value and fair value less costs to sell. Recognition of impairment losses or gains are measured as the fair value less costs to sell to the extent they have not already been recognized or are in excess of the initial impairment.

Share-based Payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments are disclosed in Note 12 of the consolidated financial statements.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Business Conditions and Risks

The business of Field Safe is subject to certain risks and uncertainties. Prior to making any investment decision regarding Field Safe investors should carefully consider, among other things, the risks described herein including the risks and uncertainties listed in the Forward-Looking Statements section below.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Company has established disclosure controls and procedures to ensure the timely and accurate preparation of financial and other reports. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to the appropriate members of management and properly reflected in the Company's filings. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") oversaw the evaluation and implementation process and have concluded that the design and operation of disclosure controls and procedures are adequate and effective in ensuring that the information required to be disclosed under applicable securities laws is accurate and complete and filed within the time periods required.

The Company's CEO and CFO evaluated the design and implementation of internal controls over financial reporting and have concluded that these controls are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards.

It should be noted that the Company's CEO and CFO recognize that all internal controls systems, no matter how well designed, have inherent limitations and therefore have concluded that these systems provide reasonable, but not absolute assurance, that the financial information is accurate and complete in all material respects. Any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

During the year ended December 31, 2020 the Company did not make any significant changes to its internal controls over financial reporting that would have materially affected, or would likely materially affect, the effectiveness of such controls.

The MD&A and Consolidated financial statements are reviewed by the Audit Committee of the Board of Directors which is charged with oversight of financial reporting, disclosure, and regulatory filing compliance. Once approved by the Audit Committee, the MD&A and Consolidated financial statements are presented to and approved by the Board of Directors.

Forward-looking Statements

Certain statements in this MD&A are "forward-looking statements". In particular, this MD&A contains forward-looking statements pertaining to capital expenditures, schedules and commencement of operations of existing projects and projects under development; availability of project financing; timing of sales; industry trends; factors influencing capital investments and development activities; the Company's reputation and market position within the industries in which it operates and the Company's strategy and competitive advantages.

Forward-looking statements require management to make estimates and assumptions with respect to the outcome of future events. These estimates and assumptions could, in the future, turn out to be inaccurate and materially affect the final outcome. The significant estimates and assumptions within the Company's forward-looking statements include:

- availability and cost of key materials and labour and availability of funds with respect to the amount of capital expenditures and scheduled commencement of operations;
- the assessment of capital markets including the availability of debt and equity in current market conditions;
- commodity prices for electricity, natural gas, coal, and other resources that impact the Company's operations directly and indirectly;
- the financial and operational health of key partners in various projects; the continued development of the Company's technology and its use in various applications; and
- consumer demand for our solutions.

Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "propose", "target", "intend", "believe", "should", "anticipate", "estimate" or other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are not based on historical facts but rather on the expectations of management of the Company regarding, among other things, the Company's future plans and intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.

Forward-looking statements reflect management's current beliefs and assumptions, based on information currently available to management. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, many of which are beyond the control of the Company. Among the material factors that could cause actual results to differ materially from those indicated by such forward-looking statements are:

- that the information is of a preliminary nature and may be subject to further adjustment;
- the completion of agreements with strategic partners and reliance on key hardware partners;
- potential product liability and other claims;
- risks associated with the proprietary technology and technological change;
- the possible unavailability of financing at competitive rates and the related effect on development activities;
- the effect of energy price fluctuations;
- changes in government regulation, including changes to environmental regulations;
- the effects of competition;
- history of operating losses and requirement for increased revenue or further capital raises to fund operations;
- the dependence on senior management and key personnel; and
- fluctuations in currency exchange rates and interest rates.

Management's Report

Management has the responsibility for preparing the accompanying consolidated financial statements, management's discussion and analysis and the related annual report. This responsibility includes selecting appropriate principles and making objective judgments and estimates in accordance with International Financial Reporting Standards and establishing appropriate internal controls over financial reporting.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained.

The Company's Board of Directors has approved the information contained in the consolidated financial statements, management's discussion and analysis and the related annual report and has overseen the performance of management's responsibilities. The Audit Committee is appointed by the Board to review the consolidated financial statements, management's discussion and analysis and the related annual report in detail with management and to report to the Board prior to its approval of these documents for publication. The Audit Committee is composed of Directors, the majority of whom are neither management nor employees of the Company. The Audit Committee meets with management and the external auditor to discuss the consolidated financial statements, management's discussion and analysis, the annual report and internal controls over financial reporting. In addition, the Audit Committee is responsible for recommending the appointment of the external auditors.

External auditors have full and free access to, and meet periodically and separately with, both management and the Audit Committee to discuss their audit findings.

(Signed) "Cameron Barrett"	(Signed) "Daniel Hay"
Chief Executive Officer	Chief Financial Officer

May 6, 2021

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Field Safe Solutions Inc.

Opinion

We have audited the consolidated financial statements of Field Safe Solutions Inc. (the "Company"), which comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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. Other information comprises:

- Information, other than the financial statements and the auditors' report thereon, included in the Annual Report document.

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

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

We obtained the Information, other than the financial statements and the auditors' report thereon, included in the Annual Report document as at the date of this auditors' 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 in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
May 6, 2021

Consolidated Statement of Financial Position

(Canadian dollars)	Note	As at December 31 2020	2019
Assets			
Current assets:			
Cash and cash equivalents		$ 3,278,741	$ 212,929
Restricted cash	5	45,901	10,349
Accounts receivable	6	1,761,407	650,480
Prepaid expenses		29,968	8,765
		5,116,017	882,523
Non-current assets:			
Property, plant and equipment	7	115,587	24,182
Contract Assets	9	74,042	47,151
Intangible assets	8	2,060,068	344,755
Total assets		$ 7,365,714	$ 1,298,611
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 1,180,078	$ 492,628
Deferred revenue		146,283	315,640
Lease liability	9	27,244	13,745
		1,353,605	822,013
Non-current liabilities:			
Long term lease liability	9	47,375	33,603
Total liabilities		1,400,980	855,616
Shareholders' equity:			
Share capital	11	8,860,231	2,713,345
Contributed surplus		434,205	250,941
Deficit		(3,329,702)	(2,521,291)
Total shareholders' equity		5,964,734	442,995
Total shareholders' equity and liabilities		$ 7,365,714	$ 1,298,611

See accompanying notes to the consolidated financial statements.

See subsequent events notes 11 and 12

Approved by the Board of Directors:

(Signed) "Michael Heier"
Director

(Signed) "David Eastham"
Director

FIELD SAFE SOLUTIONS

YEAR ENDED DECEMBER 31, 2020

Consolidated Statement of Loss and Comprehensive Loss

		For the year ended December 31	
(Canadian dollars)	Note	**2020**	2019
Revenues	16,17	**$ 3,332,471**	$ 1,011,937
Cost of sales		**(375,272)**	(147,027)
Gross profit		**2,957,199**	864,910
Selling, general and administrative expenses	14	**(2,854,328)**	(1,864,313)
Share-based compensation	12	**(227,582)**	(139,133)
Depreciation and amortization	7, 8, 9	**(629,322)**	(153,815)
Bad debts expense	6	**(54,378)**	(4,081)
Loss before income tax		**(808,411)**	(1,296,432)
Income taxes	10	**0**	0
Total net loss and comprehensive loss		**$ (808,411)**	$ (1,296,432)
Net Loss per Share			
Basic and diluted	13	**$ (0.12)**	$ (0.25)

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

(Canadian dollars)	Share Capital	Contributed Surplus	Deficit	Total
As at December 31, 2018	$ 1,233,118	$ 111,808	$ (1,224,859)	$ 120,067
Net loss for the year			(1,296,432)	(1,296,432)
Share-based compensation		139,133		139,133
Shares issued	1,529,271			1,529,271
Share issue costs, net	(49,044)			(49,044)
As at December 31, 2019	$ 2,713,345	$ 250,941	$ (2,521,291)	$ 442,995
Net loss for the year			(808,411)	(808,411)
Share-based compensation		227,582		227,582
Exercise of options	44,318	(44,318)		0
Shares issued	6,613,648			6,613,648
Share issue costs, net	(511,080)			(511,080)
As at December 31, 2020	**$ 8,860,231**	**$ 434,205**	**$ (3,329,702)**	**$ 5,964,734**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

		For the years ended December 31	
(Canadian dollars)	Note	**2020**	2019
Cash provided by (used in):			
Operating:			
Net loss before taxes		**$ (808,411)**	$ (1,296,432)
Add (deduct) items not involving cash:			
Share-based compensation	12	**227,582**	139,133
Depreciation and amortization	7,8,9	**629,322**	153,815
Bad debts		**54,378**	4,081
Accretion of leases	9	**1,783**	1,262
		104,654	(998,141)
Change in non-cash working capital	4	**(703,967)**	35,851
Cash (used in) provided by operations		**(599,313)**	(962,290)
Financing:			
Proceeds from issuance of share capital	11	**$ 6,613,648**	$ 1,529,271
Share issue costs, net	11	**(511,080)**	(49,044)
Payments on lease obligation	9	**(18,148)**	(16,740)
Shareholder loan		**0**	(30,000)
Cash provided by financing activities		**$ 6,084,420**	$ 1,433,487
Investing:			
Development costs	8	**(2,294,778)**	(374,141)
Purchase of equipment	7	**(124,517)**	(26,299)
Cash used in investing activities		**$ (2,419,295)**	$ (400,440)
Net change in cash		**$ 3,065,812**	$ 70,757
Cash, beginning of year		**212,929**	142,172
Cash, end of year		**$ 3,278,741**	$ 212,929

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 1 Corporate Information

Field Safe Solutions Inc. ("Field Safe" or the "Company") was incorporated on March 20, 2014 in the Province of Alberta, Canada. The Company is domiciled at 1350, 707 7th Avenue S.W., Calgary, Alberta T2P 3H6.

The Company markets and sells a health and safety software platform that focuses on field data capture that is easy to use and to which workflow can be customized for the end customer.

These consolidated financial statements of the Company for the year ended December 31, 2020 were approved and authorized for issuance by the Board of Directors of Field Safe on May 6th, 2021.

Note 2 Basis of Presentation

The consolidated financial statements are presented in Canadian dollars, the functional currency of the Company. The consolidated financial statements have been prepared using historical costs, except for financial instruments carried at fair value.

These consolidated financial statements ("consolidated financial statements") include the consolidated results of Field Safe Solutions Inc. and its wholly owned subsidiary Field Safe Solutions US, Inc ("Field Safe US"). Field Safe US was incorporated in Delaware on October 6, 2020. The functional currency of Field Safe US is US dollars. All intercompany transactions have been eliminated. The financial statements of the subsidiary is prepared for the same reporting period as the parent Company, using consistent accounting policies, in all material respects.

Statement of Compliance

These consolidated financial statements have been prepared by management, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The significant accounting policies set out below were applied consistently in all periods presented.

New Accounting Policies and Future Pronouncements

IFRS 3 Business Combinations

The accounting for acquisitions will not significantly change.

The International Accounting Standards Board amended IFRS 3, Business Combinations, seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for acquisition transactions on or after January 1, 2020. The amended standard has a narrower definition of a business, which could result in the recognition of fewer business combinations than under the current standard; the implication of this is that amounts which may have been recognized as goodwill in a business combination under the current standard may now be recognized as allocations to net identifiable assets acquired under the amended standard (with an associated effect in an entity's results of operations that would differ from the effect of goodwill having been recognized). The adoption of the amendment has no material impact on our consolidated statements.

IFRS 7, IFRS 9 and IAS 39

The Company has adopted the amendments to IFRS 7 Financial Instrument Disclosure, IFRS 9 Financial instruments and IAS 39 Financial instruments: recognition and measurement (amendment) from January 1, 2020. There is no effect applying these as the Company does not have hedging arrangements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

SIGNIFICANT ACCOUNTING POLICIES

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 up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. Costs directly attributable to the acquisition are expensed, within general and administrative expenses, in the period in which they occur.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency and the currency of the primary economic environment in which the Company operates. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recorded in the consolidated statement of net loss and comprehensive loss.

The assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting period date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are taken directly to the foreign currency translation reserve, a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognized in the foreign currency translation reserve relating to that particular foreign operation is recognized in the consolidated statement of loss and comprehensive loss.

Revenue recognition

Revenue is recognized when evidence of an arrangement exists, services are rendered, the selling price is fixed and determinable and collectability is reasonably assured.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. The model specifies that revenue is recognized when or as the Company transfers control of promised goods or services to a customer. Depending on certain criteria, revenue is recognized over time or at a point in time. The Company applies the practical expedient available under IFRS 15 and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less.

Revenue from long-term contracts is recognized using the percentage-of-completion method of accounting. The degree of completion is determined by comparing the costs incurred to the total costs anticipated for the contract.

TAXES

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting period date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of loss and comprehensive loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where a deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in

subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where a deferred income tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying value of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of loss and comprehensive loss.

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

Share-based compensation

Employees (including senior executives) of the Company may receive remuneration in the form of share-based compensation transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they were granted. The fair value is determined by using the Black Scholes pricing model, further details of which are given in Note 12.

The cost of equity-settled transactions is recognized, together with a corresponding increase in shareholders' equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date is based on the Company's best estimate of the number of equity instruments that will ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Company or the counterparty are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

FINANCIAL INSTRUMENTS

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.

Pursuant to IFRS 9, the classification of financial assets is based on the Company's assessment of its business model for holding financial assets. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income: assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

Financial assets measured at amortized cost are measured at cost using the effective interest method. Impairment of financial assets are recognized in accordance with IFRS 9's three stage process and credit losses expected to occur over the first 12 months of the life of the instrument are recognized immediately. The lifetime credit losses are recognized when the credit risk has increased significantly since the initial recognition. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the consolidated Statements of Loss and Comprehensive Loss. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts. The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company assesses at each reporting period date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of Financial Instruments

Financial assets

- A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses and residual values, if any. Such cost includes the cost of replacing parts of the property, plant and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the property, plant and equipment as a replacement if the recognition criteria are satisfied as stated by IAS 16, Property, Plant and Equipment. All other repair and maintenance costs are recognized in the consolidated statement of loss and comprehensive loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Leasehold improvements	5 years
Computers and electronic equipment	5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a contract asset and a lease liability at the lease commencement date. The contract asset is measured at the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the end of the lease term using the straight-line method as this most closely reflects the expected patterns of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Short-term lease payments not included in the measurement of the lease liability are presented within the operating activities of the statement of cash flows. The Company applies the practical expedient not to recognize contract assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Cash, cash equivalents and restricted cash

Cash, cash equivalents and restricted cash consist of both cash and short-term investments in a Guaranteed Investment Certificate (GIC). The GIC is considered a cash equivalent as it can be liquidated immediately upon request. Cash and cash equivalents held to securitize credit cards are treated as restricted cash.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in the consolidated statement of loss and comprehensive loss in the period in which the expenditure is incurred.

Intangible assets with finite 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 period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes 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. Amortization expense on the intangible assets with finite lives is recognized in the consolidated statement of loss and comprehensive loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset and are recognized in the consolidated statement of loss and comprehensive loss when the asset is derecognized.

Amortization is calculated on a straight-line basis over the useful life of the asset as follows:

Acquired intangible assets	3 to 10 years
Developed intangible assets	5 years

Research and development costs

Research costs are expensed as incurred.

Development expenditure on an individual project is recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. The asset is tested for impairment annually if indicators of impairment exist.

Patents

The Company's patents have been granted for a specific period by the relevant government agency. All patents are considered to have a finite life and are amortized over the period the patent was provided on a straight-line basis.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset or CGU may be impaired. If an indication exists, or when annual impairment testing for an asset or CGU is required, the Company estimates the recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset or the CGU when the individual asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying value of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered to be impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to 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 or CGU, using an appropriate valuation model. These calculations are corroborated by calculation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the consolidated statement of loss and comprehensive loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may be reversed. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying value of the asset does not exceed its recoverable amount, nor does it exceed the carrying value that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. Impairment reversals are recognized in the consolidated statements of loss and comprehensive loss.

The following criteria are also applied in assessing impairment of specific assets:

- Intangible assets with an indefinite useful life are tested for impairment annually as at December 31, either individually or at the CGU, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated using the treasury stock method, which assumes that any proceeds from the exercise of share options would be used to purchase shares at the average market price during the period, unless the effect would be anti-dilutive.

Note 3 Significant Judgements, Estimates and Assumptions

The preparation of the Company's consolidated financial statements, in accordance with IFRS, requires management to make certain judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses for the periods presented. Estimates and judgments are continuously evaluated and based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of the assets or liabilities in future periods.

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a global pandemic. This has resulted in significant economic and social dislocations worldwide, and introduction of emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses resulting in an economic slowdown. At the time of approval of these financial statements, global oil prices have partially recovered from the low levels recorded in March 2020, but the situation remains volatile.

The ultimate duration and magnitude of the impact on the economy and the financial effect on the Company's future revenues, operating results and overall financial performance is not known at this time. These impacts may include challenges on the Company's ability to, generate revenue and sufficient cashflow, disruptions to its operations, employee impacts from illness, school closures and other communication response measures.

The following are the key assumptions concerning the key sources of estimation uncertainty at December 31, 2020, that have a significant risk of causing adjustments to the carrying values of assets and liabilities.

Assessment of impairments

The Company's impairment tests for intangible assets are based on value-in-use calculations that use a discounted cash flow model. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections, including economic risk assumptions and estimates of achieving key operating metrics. Management uses its best estimate to determine which key assumptions to use in the analysis. The cash flows are derived from the Company's budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments are disclosed in Note 12.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Revenue recognition

Revenue from long-term service contracts is recognized using the percentage-of-completion method of accounting. The degree of completion is determined by comparing the costs incurred to the total costs anticipated for the contract. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models.

Note 4 Changes in Non-cash Working Capital

As at December 31	2020	2019
Change in accounts receivable, net of change in allowance for doubtful accounts	$ (1,165,305)	$ (601,581)
Change in restricted cash	(35,552)	(349)
Change in prepaid expenses	(21,203)	(1,476)
Change in deferred revenue	(169,357)	315,640
Change in accounts payable and accrued liabilities	687,450	323,617
	$ (703,967)	$ 35,851

Note 5 Restricted Cash

As at December 31	2020	2019
GIC	$ 45,901	$ 10,349

At December 31, 2020, the Company held this restricted cash in short term investments consisting of $45,901 (December 31, 2019 - $10,349) in guaranteed investment certificates. The guaranteed investment certificates earn interest at rates of 1% to 2% (December 2019 - 1% to 2%). Restricted cash could be released within the next twelve months; accordingly, all restricted cash has been classified as a current asset. This restricted cash covers the limit on the Company's credit card.

Note 6 Accounts Receivable

As at December 31	2020	2019
Trade receivables	$ 965,811	$ 635,158
Work in progress	795,596	15,322
Total accounts receivable	$ 1,761,407	$ 650,480

During the year ended December 31, 2020, the Company recorded $54,378 of bad debt (2019 - $4,081) expense.

Note 7 Property, Plant and Equipment

	Leasehold Improvements	Computer and Electronic Equipment	Total
Cost			
December 31, 2018	$ 0	$ 12,631	$ 12,631
Additions	12,550	13,749	26,299
December 31, 2019	12,550	26,380	38,930
Additions	20,824	103,693	124,517
December 31, 2020	**$ 33,374**	**$ 130,073**	**$ 163,447**
Accumulated Depreciation			
December 31, 2018	$ 0	$ (8,292)	$ (8,292)
Depreciation for the year	(2,092)	(4,364)	(6,456)
December 31, 2019	(2,092)	(12,656)	(14,748)
Depreciation for the year	(7,093)	(26,019)	(33,112)
December 31, 2020	**$ (9,185)**	**$ (38,675)**	**$ (47,860)**
Net book value			
December 31, 2020	**$ 24,189**	**$ 91,398**	**$ 115,587**
December 31, 2019	$ 10,458	$ 13,724	$ 24,182

Note 8 Intangible Assets

		Development Costs		Trademarks		Total
Cost						
December 31, 2018	$	303,080	$	0	$	303,080
Additions		366,205		7,936		374,141
December 31, 2019	$	669,285	$	7,936	$	677,221
Additions		2,293,954		824		2,294,778
December 31, 2020	**$**	**2,963,239**	**$**	**8,760**	**$**	**2,971,999**
Accumulated Depreciation						0
December 31, 2018	$	(200,781)	$	0	$	(200,781)
Amortization for the year		(130,891)		(794)		(131,685)
December 31, 2019	$	(331,672)	$	(794)	$	(332,466)
Depreciation for the year		(578,589)		(876)		(579,465)
December 31, 2020	**$**	**(910,261)**	**$**	**(1,670)**	**$**	**(911,931)**
Net book value						
December 31, 2020	**$**	**2,052,978**	**$**	**7,090**	**$**	**2,060,068**
December 31, 2019	$	337,613	$	7,142	$	344,755

Management's assessment determined that there was no indication that intangible assets were impaired as at December 31, 2020.

Note 9 Contract Assets and Lease Liability

The following tables are a summary of the Company's lease liabilities associated with its Calgary head office.

Cost, Lease		
January 1, 2020	**$**	47,151
Additions		43,636
Depreciation		(16,745)
December 31, 2020	**$**	**74,042**

Lease Liability		
January 1, 2020	**$**	47,348
Interest		1,783
Lease payments		(18,148)
Additions		43,636
December 31, 2020	**$**	**74,619**
Current lease liability	$	27,244
Non-current lease liability	$	47,375

The additions represent a three year lease started December 1, 2020 with a right of use valued at $43,636 for the head office lease and associated parking stalls.

Note 10 Income Taxes

The provision for income taxes in the consolidated financial statements differs from the result that would be obtained applying the federal and provincial tax rates to the Company's loss before income taxes. The difference results from the following items:

For the years ended December 31		**2020**		2019
Loss before income taxes for continuing operations	**$**	**(808,411)**	$	(1,296,432)
Combined federal and provincial tax rate		**24%**		27%
Computed "expected" income tax recovery	**$**	**(194,019)**	$	(350,037)
Effect of the small business rate difference		**105,093**		211,777
Non-deductible expenses		**29,709**		20,586
Change in valuation allowance		**59,217**		117,674
Income tax recovery	**$**	**0**	$	0

The Company has not recorded deferred tax assets as their realization is less than probable due to the Company's continued operating losses.

The Company has accumulated non-capital losses for income tax purposes related to its continuing operations that expire as follows:

Accumulated non-capital losses			
Expiring in	2035	$	7,463
	2036		191,895
	2037		172,740
	2038		741,775
	2039		1,288,676
	2040		2,393,201
Total		$	4,795,750

Note 11 Shareholders' Capital

Authorized

At December 31, 2020, there is an unlimited number of authorized common shares, voting and participating. Subsequent to year end, 33,908 shares were issued for $6.00 per share for a total of $203,448. In addition, 255,208 options were exercised for common shares for total proceeds of $300,624.

Class A

For the years ended December 31	**2020**			2019		
Issued and fully paid	**Number Issued**		**Amount**	Number Issued		Amount
Shareholders' capital, beginning of year	5,532,555	$	**2,713,345**	4,607,136	$	1,233,118
Private placement of shares at $1.50				831,453		1,247,373
Private placement of shares at $3.00	1,172,337		**3,517,011**	93,966		281,898
Private placement of shares at $6.00	499,995		**2,999,970**			
Common shares issued on exercise of options	66,667		**140,985**			
Share issuance costs			**(511,080)**			(49,044)
Common shares issued and fully paid, end of year	**7,271,554**	$	**8,860,231**	5,532,555	$	2,713,345
Total shares issued and fully paid		$	**8,860,231**		$	2,713,345

In the first quarter of 2020, the Company completed a $3.5 million financing in order to fund the growth of operations. The Company also secured a treasury financing in December of $3 million in order to fund and expand further growth.

Note 12 Share Based Compensation

Stock-option plan

The Company has a stock option plan for employees, officers and directors.

The Company may grant options up to 10% of the aggregate number of common shares outstanding, with no one optionee permitted to hold more than 50% of the total options outstanding. The options vest one-third on each of the first, second and third anniversary dates from the grant date and expire in five to ten years from the date of grant. Prior to December 2020, the options vested one-third immediately with an additional one third on each of the second and third anniversary dates from the grant date. The options expire in five to ten years from the date of grant. The expected volatility is based upon comparatives of other similar companies.

The exercise price of the options is based on the estimate of the share value on the date of the grant. The contractual life of the options is five to ten years and there are no cash settlement alternatives. The weighted-average fair value of options granted for the year ended December 31, 2020 was $2.28 per option (2019 - $1.15).

The Company uses a Black-Scholes option pricing model to determine the estimated fair value of the options at the date of grant and the associated compensation expense over the life of the options. A summary of the assumptions used in the Black-Scholes option pricing model to determine the estimated value is as follows:

For the years ended December 31	**2020**	2019
Expected volatility	50%	50%
Expected dividend rate	0%	0%
Risk free interest rate	0.38%-1.12%	1.33% to 1.63%
Expected forfeiture rate	25%	0%
Expected life	5-10 Years	5-10 years

For the years ended December 31	**2020**		2019	
	Number of Options	**Weighted Average Exercise Price ($/option)**	Number of Options	Weighted Average Exercise Price ($/option)
Outstanding, beginning of year	**548,000**	**1.15**	**421,000**	**1.00**
Granted	**370,500**	**3.94**	**180,000**	**1.50**
Forfeited	**66,333**	**3.07**	**53,000**	**1.15**
Exercised	**66,667**	**1.45**	**0**	**0**
Outstanding, end of year	**785,500**	**2.28**	**548,000**	**1.15**
Exercisable, end of year	**449,165**	**1.77**	**312,333**	**1.09**

Subsequent to year end 89,000 stock options were granted at an exercised price of $6.00 per share. Remaining options have approximately 8.3 years of remaining life. Fully vested options have a remaining life of approximately 7.5 years.

For the years ended December 31	**2020**	2019
Expenses arising from equity-settled share-based payment transactions	**$ 227,582**	$ 139,133

Note 13 Loss per Share

Basic and diluted loss per share amounts are calculated by dividing net operating loss for the year attributable to common shareholders of the Company by the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the year ended December 31, 2020 was 6,640,378 (December 31, 2020 – 5,147,125). As the Company is in a loss position, any conversion of options would be anti-dilutive to the loss per share calculation.

Note 14 Expenses

For the years ended December 31	**2020**	2019
Employee costs	**$ 2,991,176**	$ 1,631,520
Less amounts allocated to:		
Intangible assets	**(1,134,248)**	(352,637)
Employee costs, net of allocations	**1,856,928**	1,278,883
Office and operating costs	**394,508**	311,158
Professional and consulting fees	**394,380**	169,065
Travel costs	**42,393**	81,870
Severance	**125,156**	0
Other costs	**40,963**	23,337
Selling, general and administrative expenses	**$ 2,854,328**	$ 1,864,313

Note 15 Related Party Transactions

The Company transacts with related parties in the normal course of business. The transactions are measured at the exchange amount, which is equivalent to the market rate.

During the year, $121,997 was paid to a legal firm, of which one board member is a partner of. The amounts paid were for legal fees related to stock issuance, employment matters and general legal counsel.

Key management personnel include directors and officers of the Company. In addition to their salaries, key management personnel participate in the Company's stock option plan. The following table shows compensation paid to directors and officers.

For the years ended December 31	**2020**	2019
Wages and salaries	**$ 1,101,509**	$ 627,000
Share based compensation expense	**144,921**	63,624
Total	**$ 1,246,430**	$ 690,624

Note 16 Segmented Information

The Company's revenues are obtained locally and internationally. The geographic breakdown of where sales are obtained is listed below:

For the years ended December 31	**2020**	**% of Sales**	2019	% of Sales
Canada	**$ 3,319,326**	**99%**	$ 830,986	82%
United States	**13,145**	**1%**	180,951	18%
Total	**$ 3,332,471**	**100%**	$ 1,011,937	100%

Note 17 Financial Instruments and Risk Management

The Company's financial liabilities comprise accounts payables and accrued liabilities. The Company's financial assets are comprised of cash and cash equivalents, restricted cash, and accounts receivable that arise directly from its operations. The Company did not hold or issue any derivative financial instruments at December 31, 2020 and December 31, 2019.

The Company is exposed to interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and is supported by an appropriate financial risk governance framework.

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's exposure to the risk of changes in market interest rate relates primarily to the Company's cash and restricted cash balance.

The Company has deposited its cash and cash equivalents and restricted cash with a Canadian financial institution in a low risk, interest-bearing account.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expenses are denominated in a different currency from the Company's functional currency.

The Company transacts its Canadian operations primarily in Canadian dollars; however, it occasionally purchases goods and supplies and earns revenue in US dollars. These transactions and foreign exchange exposure would not typically have a material effect on the financial results.

Credit risk

The Company is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. A substantial portion of the Company's accounts receivable are with participants in the oil and gas industry and are subject to normal industry credit risks. Management is of the opinion that any risk of loss is reduced due to the financial strength of these parties and therefore concentration of credit risk is significantly mitigated. The Company's customers are subject to informal credit review, together with ongoing monitoring of the amount and balances in order to minimize risk of non-payment. The Company's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions.

A significant customer accounted for greater than 80% of the outstanding trade receivables for 2020 (2019 - 0%).

Approximately 56% of the Company's revenue was attributable to a single customer for the year ended December 31, 2020 (2019 – 0%). A second customer accounts for 18% of revenue in 2020 (2019 - 39%).

The Company has determined that based on historical collection, there is no impairment of accounts receivable under the expected credit loss model as at December 31, 2020 (2019 – nil). At December 31, 2020, the trade accounts receivable balance was $1,761,407 (2019 – $650,480), after an allowance for doubtful accounts of $45,999 (2019 – $nil).

The trade accounts receivable are aged as follows:

As at December 31		**2020**		2019
Current	$	**836,523**	$	275,125
31 to 60 days		**74,837**		121,193
61 to 90 days		**630,483**		111,090
Over 90 days		**219,564**		143,072
Accounts receivable total	$	**1,761,407**	$	650,480

The maximum exposure risk is limited to the carrying value of financial assets on the Company's consolidated statements of financial position.

Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. At December 31, 2020, the Company had positive working capital of $3,762,412. The majority of accounts payable are subject to normal 30-day payment terms, which is consistent with the terms provided to customers.

Capital management

The Company's defines capital as shareholders' equity as external financing is primarily through equity transactions. The Company's objectives when managing capital are to sustain its ability to continue as a going concern, maximize returns for shareholders and benefits for other stakeholders and provide resources to enable growth.

The Company manages the capital structure and responds to changes in economic conditions and planned requirements and will continue to use cash flows from technology sales and equity offerings to fund operations and invest in its capital expenditure program. To the extent the existing strategy is not sufficient to meet capital demands, other capital strategies may include debt financing and obtaining strategic partners to fund a portion of certain development projects.

As at and for the year ended December 31, 2020, the Company had cashflow from operations of $104,654, excluding changes in non-cash working capital, loss from continuing operations of $808,411 and had an accumulated deficit of $3,329,702. Management continues to develop the customer base and recognizes that the Company must generate positive cash flows or secure additional financial resources in order to meet its liabilities as they come due and to enable the Company to continue operations.

Fair value

Financial instruments consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities.

The Company does not have any financial assets or liabilities designated at fair value through profit or loss in its consolidated statements of financial position. Due to the short-term nature of the Company's financial assets and liabilities, the carrying values equal fair values.

The Company classifies financial instruments carried at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than unadjusted quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying amount due to short term maturities.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of the Company's cash and cash equivalents, restricted cash have been assessed using the fair value hierarchy described above and have been determined using Level 1 inputs. The Company does not have any financial assets or financial liabilities, held at fair value, classified as Level 2 or Level 3 as at December 31, 2020 (2019 – nil).

Management's assessment determined that there was no indication that intangible assets were impaired as at December 31, 2020.

EXECUTIVE TEAM

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Danny Hay
Chief Financial Officer

Jeff Boettiger
Vice President, US Sales

Mark Cudmore
Director, Operations

Dave Wilkinson
Director, Technology

Rob Sheasgreen
Director, IT

Trina McKay
Corporate Controller

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and Founder of Trinidad Drilling

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