UGE INTERNATIONAL LTD.

Consolidated Financial Statements

Years ended December 31, 2020 and 2019

Expressed in United States dollars

MNP LLP

Independent Auditor's

To the Shareholders of UGE International Ltd.:

Opinion

We have audited the consolidated financial statements of UGE International Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of operations and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2b) in the consolidated financial statements, which indicates that the Company incurred losses and negative cash flows from operations during the year ended December 31, 2020. As stated in Note 2b), these events or conditions, along with other matters as set forth in Note 2b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Isabella Lee.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

May 10, 2021 — Licensed Public Accountants

MNP

UGE INTERNATIONAL LTD.

Consolidated Statements of Financial Position as at December 31,

(Expressed in United States dollars)

Reporting entity and going concern (Note 2)

	Note	2020	2019
ASSETS			
Cash		**$ 1,000,069**	$ 206,433
Restricted cash	4	**34,632**	299,369
Trade and accounts receivable	5	**1,774,988**	1,991,307
Prepaid expenses and deposits		**241,023**	353,633
CURRENT ASSETS		**3,050,712**	2,850,742
Property plant and equipment	6	**1,114,094**	445,290
Right-of-use assets	10	**1,504,712**	49,538
Project development costs	7	**208,649**	-
Other non-current assets	8	**312,808**	1,083
NON-CURRENT ASSETS		**3,140,263**	495,911
TOTAL ASSETS		**$ 6,190,975**	$ 3,346,653
LIABILITIES			
Trade and other payables	9	**$ 3,849,195**	$ 4,857,467
Current portion of debt	11	**1,859,551**	2,522,571
Current portion of lease liabilities	10	**34,633**	48,405
Deferred revenue		**947,875**	656,852
CURRENT LIABILITIES		**6,691,254**	8,085,295
Debt	11	**2,247,960**	1,800,243
Lease liabilities	10	**1,521,344**	10,436
Decommissioning liabilities	6	**10,948**	-
NON CURRENT LIABILITIES		**3,780,252**	1,810,679
TOTAL LIABILITIES		**$ 10,471,506**	$ 9,895,974
EQUITY (DEFICIT)			
Share capital	14	**22,854,278**	20,050,151
Contributed surplus		**5,307,304**	4,785,838
Accumulated other comprehensive loss		**(91,148)**	(26,252)
Accumulated deficit		**(32,350,965)**	(31,359,058)
TOTAL DEFICIT		**$ (4,280,531)**	$ (6,549,321)
TOTAL LIABILITIES AND DEFICIT		**$ 6,190,975**	$ 3,346,653

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

Contingencies (Note 16) **Subsequent Events (Note 22)**

Approved on behalf of the Board

"Nicolas Blitterswyk"
Director, President & Chief Executive Officer

"Jian Yang"
Director

UGE INTERNATIONAL LTD.

Consolidated Statements of Operations and Comprehensive Loss
for the years ended December 31,
(Expressed in United States dollars)

	Note	2020	2019
REVENUE			
EPC and consulting revenue		**$ 1,407,438**	$ 5,061,859
Cost of goods - EPC and consulting		**931,089**	3,714,489
Gross profit - EPC and consulting		**476,348**	1,347,370
Energy generation revenue	3	**32,243**	-
TOTAL GROSS PROFIT		**508,591**	1,347,370
OPERATING COSTS AND EXPENSES			
General and administrative	19	**3,592,085**	3,259,638
Expected credit losses	17	**97,246**	245,904
Depreciation and amortization	6,10	**54,934**	49,865
TOTAL OPERATING COSTS AND EXPENSES		**3,744,265**	3,555,407
OPERATING LOSS		**(3,235,674)**	(2,208,037)
OTHER EXPENSE (INCOME)			
Financing expense	11, 13	**420,552**	477,056
Other expense (income)	12	**(2,754,816)**	(190,340)
TOTAL OTHER (INCOME) EXPENSE, NET		**(2,334,263)**	286,716
NET LOSS BEFORE TAX		**(901,410)**	(2,494,753)
Income tax expense (recovery)	18	**90,496**	12,898
LOSS FOR THE YEAR		**(991,907)**	(2,507,651)
Other comprehensive loss items to be subsequently reclassified to net earnings when certain conditions are met			
Foreign currency translation		**(64,896)**	(173,926)
COMPREHENSIVE LOSS FOR THE YEAR		**$ (1,056,803)**	$ (2,681,577)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS -BASIC		**($0.04)**	($0.14)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS -DILUTED		**($0.04)**	($0.14)
WEIGTHED AVERAGE NUMBER OF SHARES			
Basic		24,609,201	19,510,263
Diluted		24,609,201	19,510,263

The accompanying notes are an integral part of the consolidated financial statements.

UGE INTERNATIONAL LTD.

Consolidated Statements of Changes in Shareholders' Deficit
For the years ended December 31, 2020 and 2019
(Expressed in United States dollars)

	Note	Share capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance at January 1, 2019		$ 19,592,790	$ 4,464,701	$ 147,674	$ (28,851,407)	$ (4,646,242)
Net loss for the year					(2,507,651)	(2,507,651)
Common shares issued, net of costs	14	293,167	148,283			441,450
Common shares for debt, net of costs	14	164,194				164,194
Share-based compensation	14		172,854			172,854
Foreign exchange translation differences				(173,926)		(173,926)
Balance at December 31, 2019		**$ 20,050,151**	**$ 4,785,838**	**$ (26,252)**	**$ (31,359,058)**	**$ (6,549,321)**
Net loss for the year		**-**	**-**	**-**	**(991,907)**	**(991,907)**
Common shares issued, net of costs	14	**1,245,885**	**500,507**	**-**		**1,746,392**
Common shares for debt, net of costs	14	**275,023**	**17,773**	**-**		**292,796**
Common shares issued for warrant exercises	14	**1,045,496**	**(334,084)**	**-**		**711,412**
Common shares issued for stock option exercises	14	**237,723**	**(124,824)**	**-**		**112,899**
Share-based compensation	14	**-**	**462,094**	**-**		**462,094**
Foreign exchange translation differences				**(64,896)**		**(64,896)**
Balance at December 31, 2020		**$ 22,854,278**	**$ 5,307,304**	**$ (91,148)**	**$ (32,350,965)**	**$ (4,280,531)**

The accompanying notes are an integral part of the consolidated financial statements.

UGE INTERNATIONAL LTD.

Consolidated Statements of Cash Flows for the years ended December 31,
(Expressed in United States dollars)

	Note	2020	2019
OPERATING ACTIVITES			
Net loss		**$ (991,907)**	$ (2,507,651)
Items not affecting cash:			
Depreciation and amortization	6,10	**54,934**	49,865
Impairment and expected credit losses	5	**97,246**	245,904
Share-based compensation	14	**462,094**	172,854
Income tax expense (recovery)	18	**90,496**	12,898
Loss (gain) on debt to equity conversions		**46,041**	(2,687)
Gain on debt settlement	12	**(2,083,096)**	-
Gain on sale of solar system	12	**194,623**	-
Finance expenses, net	13	**424,683**	477,056
Increase in right-of-use assets		**(1,455,174)**	-
Increase in lease liabilities		**1,555,977**	-
Decommissioning provision adjustment		**10,716**	-
Government-sponsored non-cash COVID relief		**(107,363)**	-
Tax attributes allocated to tax equity investors	11	**(94,952)**	-
Other		**(65,101)**	11,863
Finance costs paid		**(214,044)**	(285,725)
Change in deferred revenue		**256,158**	12,374
Changes in non-cash working capital items		**21,241**	323,069
Cash used in operating activities		**$ (1,797,428)**	$ (1,490,180)
FINANCING ACTIVITIES			
Net proceeds from equity raises	14	**1,749,836**	441,534
Net proceeds from stock option and warrant exercises	14	**824,311**	-
Proceeds from investments by tax-equity investors		**268,000**	-
Proceeds from government-sponsored energy incentives		**57,828**	-
Government-sponsored COVID loans		**341,570**	-
Increases in long term debt, net of deferred finance charges	11	**1,679,946**	801,877
Repayment of long term debt	11	**(1,451,337)**	-
Cash from financing activities		**$ 3,470,154**	$ 1,243,411
INVESTING ACTIVITIES			
(Increase)/Decrease in restricted cash	3	**256,028**	770,606
(Additions) to property, plant and equipment	6	**(1,604,877)**	(428,030)
(Additions) to project development costs	7	**(208,649)**	-
Proceeds from sale of solar system		**688,560**	-
Cash (used in)/from investing activities		**$ (868,938)**	$ 342,576
Increase in cash for the year		**803,788**	95,807
Effect of exchange rate flucuations on cash		**(10,152)**	(11,109)
Cash at the beginning of the year		**206,433**	121,735
Cash at the end of year		**$ 1,000,069**	$ 206,433
Non-cash transactions:			
Shares for debt ($ CAD)		**275,023**	164,194

The accompanying notes are an integral part of the consolidated financial statements.

1. Reporting entity

UGE International Ltd. (the "Company" or "UGE") is incorporated under the laws of the Province of Ontario and its common shares are listed on the TSX Venture Exchange under the symbol "UGE". The Company's registered office is located at 417 5th Avenue, Suite 804, New York, New York, United States.

The Company is evolving its principal business activities from a focus on engineering, procurement and construction ("EPC") of commercial and community solar facilities in the US and Philippines to include EPC and financing and operating commercial and community solar facilities in the US and Philippines.

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") and set out in the CPA Canada Handbook and were approved for issuance by the Board of Directors on May 9, 2021.

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

b) Going concern and COVID 19

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company had negative working capital of $3,640,542 at December 31, 2020, and for the year-ended December 31, 2020, the Company had a consolidated loss of $991,907, negative cash flow from operations of $1,797,428, and a shareholders' deficit of $4,280,531. Subsequent to year-end the Company raised a net $5.05 million in equity capital through a brokered private placement and converted CAD $750,000 (US $590,025) current debt to equity, which improved the working capital position of the Company while providing additional capital for growth initiatives.

The Company's ability to continue as a going concern, and to realize its assets and discharge its liabilities in the normal course of business, is dependent on generating sufficient cash flow from operations and on securing project specific debt and operating debt or equity financing to fund its current and any future working capital needs as it builds its portfolio of solar facilities. Various risks and uncertainties affect the Company's operations including, but not limited to, the market acceptance and rate of commercialization of the Company's offerings, the ability of the Company to successfully execute its business plan and changes thereof, the public policy environment for renewable energy solutions, the Company's ability to raise sufficient equity and/or debt financing, and general global economic conditions, certain of which are beyond the Company's control.

The Company's strategy to mitigate these risks and uncertainties is to execute a business plan aimed at continued focus on renewable energy solutions, asset and revenue growth, improving overall gross profit, managing operating expenses and working capital requirements, and securing additional financing, as needed, through one or more debt or equity investments. While the Company has sufficient capital to execute on its current business plans over the short and medium term, there are no guarantees that future funds raised will be sufficient to sustain the Company's ongoing operations or that additional debt or equity financing will be available to the Company, or available at acceptable terms. Failure to implement the Company's business plan or the inability of the Company to raise sufficient funds could have a material adverse effect on the Company's financial condition and/or financial performance. Accordingly, there are some material risks and uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments or disclosures that would be required if assets are not realized and liabilities and commitments are not settled in the normal course of operations. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities would require revaluation to a liquidation basis, which could differ materially from the values presented in the consolidated financial statements.

To combat the spread of the COVID-19 pandemic, authorities in all regions where the Company operates have put in place restrictive measures for businesses. Current or future restrictive measures might have an adverse effect on the financial stability of the Company's suppliers and other partners, or on the Company's operating results, financial position, liquidity or capital expenditures. The issuance of permits and authorizations, negotiations and finalizations of agreements with regard to development and acquisition projects, construction activities and procurement of equipment have been and could continue to be adversely impacted by the COVID-19 restrictive measures. The full potential impact of COVID-19 on the Company's business is unknown as it may continue for an extended period and will depend on future developments that are uncertain and cannot be predicted, including, and without limitation, the duration and severity of the pandemic, the duration of government mitigation measures, the effectiveness of the actions taken to contain and treat the disease, and the length of time it takes for normal economic and operating conditions to resume.

c) Basis of presentation, functional and presentation currency

These consolidated financial statements are presented in United States dollars ("USD"). The functional currency of the Company is Canadian dollars ("CAD"). These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

Entity	Functional Currency
UGE USA Inc. ("UGE USA")	USD
UGE Canada RE Inc.	CAD
UGE Consulting Services Ltd. ("UGE Consulting")	CAD
UGE Project Holdco Ltd. ("UGE Project Holdco")	CAD
UGE Project Development Holdco ("UGE DevCo")	CAD
UGE Philippines Inc. (UGE Philippines")	Filipino pesos ("PhP")

UGE USA includes the accounts of controlled or wholly owned special purpose vehicles ("SPVs"). These SPVs own and operate solar facilities.

All significant intercompany balances and transactions have been eliminated on consolidation.

d) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are accounted for at fair value.

e) Accounting assumptions, estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

During the reporting periods management has made a number of estimates and assumptions in applying the Company's accounting policies, including the assessment of the Company's ability to continue as a going concern, as discussed above in Note 2. Other significant areas having estimation uncertainty in

applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Useful lives of property, plant and equipment and intangible assets

Property, plant, and equipment is beginning, and will continue, to represent a significant portion of the Company's total assets. The Company reviews its estimates of useful life of property, plant and equipment and intangible assets on an annual basis and adjusts depreciation on a prospective basis as required.

ii) Leases

The Company leases roof-tops, land and offices. In determining whether a lease contract should be accounted for as a right-of-use asset with a corresponding lease liability, management must make judgements about the rights conferred to the Company. To the extent that the Company determines a lease contract does not confer sufficient rights, the cost of the lease payment is expensed as incurred and no right-of-use asset or lease liability is recorded. Certain leases are not considered as leases for accounting purposes, given certain contractual restrictions, and no right of use and lease liabilities are currently recorded for these leases.

iii) Impairment of non-financial assets

The Company makes several estimates when calculating the recoverable amount of an asset, particularly with respect to property plant and equipment, and project development costs. The recoverable amounts are estimated by a value in use calculation using discounted cash flows. Future cash flows depend on certain estimations such as electricity production, facility life, costs to operate, capital expenditures, and the discount rates. For intangible development costs, the likelihood of being able to develop the facility is assessed in respect of the competitive environment and government policy.

iv) Decommissioning liabilities

The Company makes a number of estimates when calculating the fair value of asset decommissioning obligations which represent the present value of future decommissioning costs for facilities. Estimates of these costs are dependent on labour and material costs, inflation rates, salvage values, discount rates, the risk specific to the obligation, and the timing of the outlays.

v) Determining control or significant influence of special purpose entities

The determination of whether the Company has control or significant influence over special purpose entities requires the Company to make assumptions and judgements in evaluating its specific control and influence characteristics. The Company exercises judgement in determining whether non-wholly owned special purpose entities are controlled by the Company, which involves the assessment of how the decisions of the special purpose entities are made, whether the rights of other partners are protective or substantive in nature; and the ability of the Company to influence the returns of the special purpose entity.

vi) Allowances and provisions for expected credit losses

An expected credit loss ("ECL") impairment model is applied to financial assets measured at amortized cost, in order to establish provisions for expected credit losses. The provisions are based on a forward-looking ECL, which includes possible default events of the accounts receivable over their entire holding period, including the consideration of the occurrence of a significant increase in credit risk. Significant financial difficulties of a customer, such as probability of bankruptcy, financial reorganization, and default

or delinquency in payments are considered indicators that recovery of the accounts receivable is doubtful. The default rate is subject to significant estimate and judgement.

Trade receivables are reviewed for impairment on a case-by-case basis to identify any deterioration of credit risk since initial recognition, at which time a provision is recognized in the consolidated statements of operations and comprehensive loss within general and administrative expenses. If credit risk has not increased significantly, the allowances are based on 12 month expected losses. If the credit risk has increased significantly and if the receivable is impaired, the allowances are based on lifetime expected losses. Subsequent recoveries of amounts previously provided for are credited against selling, general, and administrative expenses in the consolidated statements of operations and comprehensive loss.

vii) Stock-based compensation

The Company uses the Black-Scholes option pricing model to determine the amount of stock-based compensation. Such models require assumptions related to share price volatility, expected life of options and discount rate. Changes in these assumptions affect the fair value of the options and the amount of stock-based compensation to be recognized in profit or loss over the vesting period.

viii) Percentage of completion calculation

The Company measures the stage of completion for EPC and engineering projects based on the costs incurred to date compared to the total estimated costs for the project. The estimation of total costs requires professional judgement and changes to these estimates may affect revenue, unbilled revenue, and deferred revenue.

ix) Tax equity liabilities

The Company makes estimates in the determination of expected future cash flows to calculate the EIR and amortization of tax equity liabilities. Future cash flows depend on certain estimations such as electricity production, facility life, costs to operate, required capital expenditures and timing of the exercise of any put/call options after the flip date.

x) Government loans and forgiveness – COVID 19

The Company has applied judgment in assessing whether it will qualify for loan forgiveness under certain COVID-19 relief programs. Additionally, in determining the fair value of the loans received under COVID-19 relief programs management makes estimates about the market interest rate it would otherwise receive for loans on similar terms.

xi) Income Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and all subsidiary entities which are controlled by the Company. Subsidiaries (referred in Note 2(c)) are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its investment in the entity and can affect those returns through its power over the entity. All intercompany balances and transactions are eliminated on consolidation.

b) Foreign Currency Translation

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rates in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in other than the functional currency are translated using the exchange rate at the date of the transaction. The resulting exchange gains and losses are recognized in profit or loss.

ii) Foreign operations

The assets and liabilities of foreign operations with functional currencies other than the USD presentation currency are translated into the presentation currency at exchange rates prevailing at the reporting date. Their income and expense items are translated into the presentation currency at average exchange rates for the period. Exchange differences arising on the translation are recognized in accumulated other comprehensive income (loss) in shareholders' equity (deficit).

c) Property, plant, and equipment

Property, plant, and equipment consists of operating solar facilities, construction in progress for solar facilities, and corporate operating assets.

Solar facilities are recorded at cost, including interest incurred during the construction phase, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the construction of and readying the asset for use and estimated decommissioning costs. Government assistance in the form of direct grants or investment tax credits is reflected as a reduction in the cost of the Solar facility. Maintenance and repair costs are expensed as incurred.

Corporate operating assets are recorded at cost, less accumulated depreciation and impairment losses.

Amortization begins on the date assets are put in use, using the following methods:

Type of property, plant, and equipment	Useful life for depreciation period
Solar facilities	25-30 years
Right-of-use assets	25-30 years
Office equipment	3-5 years
Vehicles	4-5 years

Useful lives, residual values, and amortization methods are reviewed at least annually and adjusted if appropriate. Impairment losses are recognized as impairment losses in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other income in profit or loss.

d) Project Development costs

Project development costs consist of design and acquisition costs associated with new solar facilities. These costs are deferred until construction begins, at which time they are transferred to property, plant and equipment. The Company defers costs for projects when it believes the facilities will more likely than not be completed. When it is no longer probable a facility will be completed, the costs deferred to date are expensed. During the period of development, the asset is tested for impairment annually, or more often if indicators of impairment exist.

e) Decommissioning liabilities

Decommissioning liabilities are recorded when the underlying activities requiring future decommissioning obligations are incurred and are measured at the present value, if a reasonable estimate of the expected costs to settle the liability can be determined, discounted at a current pre-tax rate specific to the liability. In subsequent periods, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or changes in the discount rate. The accretion of the liability as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing, the amount of the original estimate of the undiscounted cash flows or a change of the discount rate are accounted for as part of the carrying amount of the related property, plant and equipment. The carrying amounts of the decommissioning liabilities are reviewed at each quarter-end to reflect current estimates and changes in the discount rate.

f) Leases or arrangements containing a lease

The Company leases land and roof-top sites for its solar facilities, and office space for corporate activities. At the inception of a contract, the Company assesses whether the contract is or contains a lease that conveys to the Company the right to control the use of an underlying asset in return for payment. If the contract meets the definition of a lease, a lease liability is recognized in an amount equal to the present value of the unpaid lease payments discounted using the interest rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate. Lease payments include: (i) all fixed payments; (ii) variable payments that depend on an index or rate; and (iii) any purchase option or termination penalty reasonably certain to be incurred. A lease right-of-use ("ROU") asset is recognized in an amount equal to the lease liability, less any lease incentives received and plus: (i) any payments made prior to the start of the lease; (ii) any initial direct costs incurred; and (iii) an estimate of the cost to restore the asset as required by the lease contract.

The Company applies the cost model to subsequently measure lease ROU assets and applies the same impairment policy as other property plant and equipment. Lease ROU assets are depreciated over the shorter period of the lease term or useful life of the underlying asset. The lease term includes any renewal or termination the Company is reasonably certain to exercise. Where leased assets are required for the operation of a solar facility, the Company assumes the lease will be renewed to match the term of the facility's power purchase agreement ("PPA"). The ROU asset is depreciated over the useful life of the underlying solar facility asset. Depreciation starts at the commencement date of the lease.

g) Borrowing costs

The Company capitalizes borrowing costs directly attributable to the acquisition and construction of qualifying assets during active construction. Other borrowing expenses are expenses in the period in which they are incurred.

h) Impairment of property, plant and equipment and project development costs

Non-financial assets, such as property, plant and equipment, development costs, and ROU assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other groups of assets (a cash generating unit or "CGU").

Intangible assets not yet available for use, including development costs, are tested for impairment at least annually, and whenever there is an indication that an asset may be impaired.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows 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. Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measurement date.

If the recoverable amount of an asset or CGU is lower than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in earnings (loss). An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognized as a finance cost.

j) Share-based compensation

The Company records share-based compensation related to its grants of stock options to employees and directors. Share-based compensation for stock options is measured at fair value using a Black-Scholes option pricing model, and recognized as compensation expense over the vesting period during which an employee or director becomes unconditionally entitled to the award. The amount recognized as an expense is adjusted to reflect only the number of awards for which related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service conditions at the vesting date.

For equity-settled share-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received. If the fair value of the goods or services cannot be estimated reliably, then the Company uses the fair value of equity. The Company has no cash-settled share-based payment transactions.

k) Revenue recognition

The Company recognizes revenue under three approaches, depending on the project. Historically the Company generated revenue from project development and deployment of renewable energy projects, and from engineering and consulting services, where its primary revenues were fees earned for the services provided. Beginning in 2019, the Company began developing and building solar facilities with the intent to own and operate the facilities, and to earn revenue from both energy generation over the life of the solar facility, and in some circumstances from the sale of renewable energy credits. In certain cases, the Company will also earn financing revenue which is recognized using the principles for financial instruments (see *(q) financial instruments*).

i) Revenue from Contracts with Customers for Project Development and Deployment

The Company recognizes revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Specifically, the Company uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company recognizes revenue as a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

ii) Measure of anticipated revenues and determination of progress

For revenue recognized based on the stage of completion method using the cost input method, the Company reviews its project costs on contracts to determine if each of these costs is contributing to the transfer of control of goods or services to the customer. The exclusion of certain project costs from the determination of progress will either increase or decrease revenue being recognized at any particular point over the life of the project.

iii) Revenue from Contracts with Customers for Engineering and Consulting Services

Revenue from engineering and consulting engagements is recognized when the services have been performed and collection of the receivable is reasonably assured.

iv) Revenues from energy sales and renewable energy credits

Energy generation revenue is earned from both the sale of electricity generated, and the sale of renewable energy credits. Both types of revenue are recognized when the Company satisfies the performance obligation, which is upon the delivery of electricity at the contractual rates.

l) Government assistance

Government assistance in the form of subsidies or investment tax credits is recorded in the consolidated financial statements when there is reasonable assurance that the Company has met all conditions required to obtain the assistance.

For government assistance associated with solar facilities, recognition is based on management's estimates of amounts expected to be recovered, and the projects are subject to audit by relevant government authorities. Government assistance for solar facility expenditures is reflected as reductions in the cost of the solar facility to which it relates.

During the COVID 19 pandemic the Company participated in specific US and Canadian government COVID support programs. Programs that include direct non-repayable grants are recognized as other income when the Company is reasonably assured it will meet the requirements to obtain the assistance, which is generally when the funds are received. Loan programs that include forgiveness provisions are recorded as debt for the full amount received until the Company has reasonable assurance that it will meet the requirements for forgiveness and the amount to be forgiven can be reasonably estimated, at which time it is recognized as other income. When loan programs include below market interest rates, the interest rate differential, is recognized as part of the effective interest rate ("EIR") over the term of the debt.

m) Financial instruments

i) Financial Assets

Financial assets are classified as at amortized cost, as at Fair Value through Profit and Loss ("FVTPL"), or as at Fair Value through Other Comprehensive Income ("FVOCI"). The Company determines the classification of its financial assets at initial recognition. Financial assets are derecognized when they mature or when they are sold, and substantially all the risks and rewards of ownership have been transferred.

The Company's cash and restricted cash are classified as FVTPL and its trade and other receivables (excluding HST and VAT receivables) and notes receivable are classified as amortized cost.

Financial assets measured at amortized cost

Financial assets at amortized cost are initially recognized at fair value, including transaction costs directly attributable to the asset's origination or acquisition, and subsequently carried at amortized cost, using the EIR method, less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of operations and comprehensive loss in the period in which they arise.

Financial assets at FVOCI

Financial assets at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. The Company currently does not classify any financial assets as FVOCI.

ii) Financial liabilities

Financial liabilities are classified into the following categories:

Financial liabilities at amortized cost

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of operations and comprehensive loss when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisition, as well as fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expense in the consolidated statements of operations and comprehensive loss.

The Company's financial liabilities measured at amortized cost include trade and other payables, debt, and lease liabilities.

Tax equity structures

The Company owns and operates certain projects (solar facilities) in the US under subsidiaries that are set up as tax equity structures to finance the construction and operation of solar facilities. These structures are designed to allocate the majority of renewable tax incentives, such as investment tax credits ("ITCs") and accelerated depreciation for tax purposes, to tax equity investors ("TEIs"). With its current portfolio of solar facilities, the Company cannot fully monetize such tax incentives. Generally, tax equity structures allocate the majority of the project's US taxable income and renewable tax incentives, along with a portion of the project's cash flows, to the TEIs until they receive an agreed-upon after-tax investment return (the "flip point"). The flip points are generally dependent on the projects' respective returns but also may be contractually determined. At all times, both before and after the projects' flip points, the Company retains control over the projects financed with a tax equity structure. Subsequent to the flip point the Company receives the majority of the projects' taxable income, cash flows and remaining tax incentives.

When a tax equity partnership is formed, the Company assesses whether the project company should be consolidated based on the Company's right to variable returns and its ability to influence financial and operational decisions impacting those returns. Due to the operational and financial nature of the projects, and the protective nature of the rights normally given to tax equity investors, the Company typically has the control and influence to consolidate the entity.

Amounts paid by the TEIs for their equity stakes are classified as debt on the consolidated statements of financial position and are measured at amortized cost using the EIR method. The Company has the option to settle the with the TEI after the flip date at a defined price and in certain contracts the TEI can put their investment back to the Company after the flip date at the same defined price. These options are generally time bound.

The Company recognizes the TEI contributions as long-term loans and borrowings, at an amount representing the proceeds received from the TEI in exchange for shares of the subsidiary, net of the following elements affecting amortized cost of the tax equity financing:

- *ITC*: Allocation of ITCs to the TEI is recognized in other income and as a reduction of tax equity financing.
- *Taxable income (loss), including tax attributes such as accelerated tax depreciation*: Allocation of taxable income and other tax attributes to the TEI is recognized in other (income) expenses as incurred and as a reduction of tax equity financing.
- *Cash distributions*: Cash allocation to the TEI is recognized as a reduction of tax equity financing.

Tax equity financing balances are increased by interest recognized at the implicit interest rate. In applying the EIR method to tax equity financings, the Company has made an accounting policy choice to recognize the impacts of the tax attributes as other income.

iii) Impairment of financial assets at amortized cost

The Company recognizes an allowance for expected credit losses (“ECLs”) on financial assets that are measured at amortized cost. At each reporting date, the allowance for the financial asset is measured at an amount equal to the lifetime ECL if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the allowance is measured for the financial asset at an amount equal to twelve-month ECL. For trade receivables the Company applies the simplified approach to providing for ECL, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

iv) Fair value hierarchy

Financial instruments are classified in the fair value hierarchy as follows:

Level 1 – valuation based on quoted prices (unadjusted) in active markets to which the Company has access, at the valuation date, for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly or indirectly;
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs wherever such inputs exist.

v) Compound instruments

The component parts of compound instruments (e.g., debt issued with a conversion feature along with convertible securities) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option and warrants that will be settled by the exchange of a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar debt without conversion features and warrants. This amount is recorded as a liability at the amortized cost basis using the effective interest method until extinguished or at the instrument's maturity date. The conversion features and convertible securities classified as equity are determined by deducting the amount of the liability component from the fair value of the instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, conversion features and convertible securities classified as equity will remain in equity until the conversion option or warrants are exercised, in which case the balance recognized in equity will be transferred to common shares. When the conversion feature and warrants remain unexercised at their maturity date, the balance recognized in equity will be transferred to deficit. No gain or loss is recognized in profit or loss upon conversion or expiration of the convertible securities. Transaction costs that relate to the issue of the instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debt using the effective interest method.

n) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

o) Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities. The Company's sales geographic areas have been organized based on its principal operations in the US, Canada, and the Philippines. Its engineering and consulting line of business is not geographically concentrated (Note 15).

q) Business combinations

The acquisition of a business is accounted for using the acquisition method. The consideration for an acquisition is measured at the aggregate of the fair values, at the date of exchange, of the net assets acquired, the liabilities incurred to the former owners, and equity instruments issued by the acquirer in exchange for control of the acquired business. The acquired business' identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for income taxes which are measured in accordance with IAS 12, *Income Taxes*. To the extent that the aggregate of the fair value of consideration paid, the amount of any noncontrolling interest and the fair value of any previously held interest in the acquiree exceeds the fair value of the net identifiable tangible and intangible assets, goodwill is recognized. To the extent that this excess is negative, the excess is recognized as a gain in the statement of operations and comprehensive income (loss).

r) Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares. Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income per common share is calculated by adjusting the weighted average number of common shares outstanding using the treasury method, and assuming conversion of all potentially dilutive common shares. Diluted income (loss) per share does not adjust the income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

s) New accounting policies

During 2020, the standards and interpretations listed below came into effect, with no material impact on the Company's financial position or results of operations.

Amendments to materiality definitions On October 31, 2018 the IASB issued *Definition of Material (Amendments to IAS 1 - Presentation of Financial Statements* and *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors* The amendments clarified the definition of "material" and aligned the definition used in the Conceptual Framework and the standards.

Amendments to References to the Conceptual Framework The IASB issued *Amendments to References to the Conceptual Framework in IFRS Standards*, together with the revised Conceptual Framework published in March 2018.

Amendments to IFRS 3 – Business Combinations On October 22, 2018 the IASB issued *Definition of a Business (Amendments to IFRS 3, Business Combinations)*, The amendments are intended to resolve difficulties in an entity's determination of whether it has acquired a business or a group of assets.

t) Future accounting changes

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) On January 23, 2020, the IASB issued amendments to *IAS 1 – Presentation of Financial Statements*, The amendments clarify the classification of liabilities as current or non-current, and are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The Company has not yet determined the impact of the amendments on its financial position or results of operations.

Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before intended use On May 14, 2020, the IASB issued amendments to *IAS 16 – Property, Plant and Equipment*, The amendments prohibit the deduction, from the cost of an item of property, plant or equipment, any proceeds received from selling items produced while bringing the asset to the location and condition necessary for it to operate. Such proceeds, and the costs associated with producing the items, are recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The Company does not expect that the amendments will have a material impact on its financial position or results of operations.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IFRS 7, and IFRS 16) On August 27, 2020, the IASB issued several amendments to IFRS Standards as its final response to the ongoing reform of inter-bank offered rates and other interest rate benchmarks, The amendments follow Phase 1 amendments issued in 2019, and mainly relate to contractual cash flows, hedge accounting and disclosures. They are effective for annual periods beginning on or after January 1, 2021, with early adoption permitted. The Company has not yet determined the impact of the amendments on its financial position or results of operations but does not expect the amendments will have a material impact on its financial position or results of operations.

4. Restricted cash

At December 31, 2020, the Company has $34,632 restricted cash, in the form of security held against a loan. Restricted cash of $299,369 at December 31, 2019 related to cash security for a construction financing facility that was settled in 2020.

5. Trade and other receivables

	2020	2019
Trade receivables	$ 1,381,321	$ 1,415,811
Unbilled revenue	194,549	483,819
Withholding and sales tax receivable	132,204	91,677
Other	66,914	-
	$ 1,774,988	$ 1,991,307

At December 31, 2020 and 2019 approximately $1 million of the trade receivables relate to the litigation discussed in Note 16, which are mostly offset by a corresponding amount payable recorded in trade and other payables.

As at December 31, 2020, the allowance for expected credit losses provided against trade and other receivables and unbilled revenue was $248,706 (2019 - $176,705). As shown below, during 2020, the Company increased its expected credit losses by net $72,001 (2019 – $74,657 increase).

	Year ended December 31	
	2020	2019
ECL allowance, beginning of year	$ 176,705	$ 102,048
Additions	97,246	245,904
Write offs	(25,245)	(171,247)
ECL allowance, end of year	$ 248,706	$ 176,705

6. Plant and equipment

The Company's plant and equipment consists almost entirely of solar facilities that are either in use or under construction. As discussed in Note 3, the cost of solar equipment includes expenditures that are directly attributable to constructing the asset and readying it for use. These costs include the present value of the decommissioning liability that the Company establishes when it begins construction of a solar facility, which is recognized as a liability on the statement of financial position. At December 31, 2020 the carrying value of the Company's decommissioning liabilities is $10,948 (2019 – nil).

	Solar facilities in use	Solar facilities under construction	Corporate	Total
Year ended December 31, 2019				
Balance- beginning of the year	$ -	$ -	$ 35,192	$ 35,192
Additions	-	428,030	25,961	453,991
Disposals	-	-	(28,833)	(28,833)
Foreign exchange difference	-	-	(7,657)	(7,657)
Depreciation	-	-	(7,403)	(7,403)
Balance - end of year	$ -	$ 428,030	$ 17,260	$ 445,290
As at December 31, 2019				
Cost	$ -	$ 428,030	$ 26,400	$ 454,430
Accumulated depreciation	-	-	(9,140)	(9,140)
Net carrying amount	$ -	$ 428,030	$ 17,260	$ 445,290
Year ended December 31, 2020				
Balance - beginning of the year	**$ -**	**$ 428,030**	**$ 17,260**	**$ 445,290**
Additions	**928,016**	**681,146**	**3,369**	**1,612,531**
Foreign exchange difference	**-**	**-**	**370**	**370**
Transfer to solar facilities in use	**-**	**(928,016)**	**-**	**(928,016)**
Depreciation	**(10,890)**	**-**	**(5,191)**	**(16,081)**
Balance - end of year	**$ 917,126**	**$ 181,160**	**$ 15,808**	**$ 1,114,094**
As at December 31, 2020				
Cost	**$ 928,016**	**$ 181,160**	**$ 30,335**	**$ 1,139,510**
Accumulated depreciation	**(10,890)**	**-**	**(14,527)**	**(25,417)**
Net carrying amount	**$ 917,126**	**$ 181,160**	**$ 15,808**	**$ 1,114,094**

7. Project Development Costs

	2020	2019
Cost		
Beginning of year	$ -	$ -
Additions - development costs	181,933	-
Additions - right-of-use asset depreciation and lease interest expense	62,765	-
Transfers to solar facilities under construction	(36,049)	-
Impairment	-	-
	$ 208,649	$ -

8. Other non-current assets

	2020	2019
Notes receivable - third party	$ 200,263	$ -
Note receivable - related party	100,000	-
Deferred loan fees	11,439	-
Deferred income taxes	1,106	1,083
	$ 312,808	$ 1,083

The Notes receivable - third-party are associated with solar facility acquisition loans to customers in the Philippines. In the Philippines, in order to meet local requirements, the current legal structure for self-financed (build/own/operate) projects is different from the US. In the Philippines legal structure, the ownership of the solar facility transfers to the customer once completed and the Company finances the customer's acquisition of the solar facility and receives interest income and servicing income (from operations and maintenance) over the life of the project. The balance owing represents two notes of $42,048 and $158,215, at interest rates of 10.04% and 9.98%, respectively, maturing in November 2034 and October 2035,

The related party note receivable was made to an officer of the Company, in connection with the officer's investment in a tax equity partnership controlled by the Company. The note is secured by the tax equity investment and cash distributions from the tax equity investment must first be directed to reduce the loan balance. The note was issued in August 2020, matures in February 2022, and bears interest at 3%. It may be prepaid at any time, in full or in part, without penalty.

The deferred loan fees are associated with the Company's project loans that are used to finance the construction of a solar facility. At construction completion, the project loans are converted to term loans, and the deferred fees are amortized over the loan term using the effective interest rate method.

9. Trade and other payables

	2020	2019
Trade payables	$ 1,217,355	$ 3,508,613
Accrued and other payables	2,284,882	1,059,398
Warranty provision	39,235	47,628
Taxes payable	292,283	241,828
Other	15,440	-
	$ 3,849,195	$ 4,857,467

At December 31, 2020 and 2019 approximately $1 million of accrued payables relates to the litigation discussed in Note 16, which is mostly offset by a corresponding receivable recorded under trade receivables. Taxes payable at December 31, 2020 include the Company's current year income tax expense of $90,496, with the remainder related to other ongoing corporate taxes associated with operations.

10. Right of use assets and lease liabilities

The Company enters into various leases in the conduct of its operations, primarily those related to right of use leases of land for the Company's solar facilities or solar facilities under development or construction. The leases typically have terms between twenty and twenty-five years, most with subsequent options to renew. The Company expects to exercise renewal options to match its facilities' respective useful lives. At the current time, the Company has estimated a 30-year useful life for solar projects constructed on leased land, and has therefore used thirty years to calculate its lease liabilities and the amount and useful life of the associated right-of-use assets. As a general rule, contractual lease payments are minimal during development and construction, with payments increasing when commercial operations begin. The majority of the leases also provide for lease payment escalations in the range of 2% per annum to reflect inflation.

During the development and construction period, the Company defers the depreciation expense associated with the right-of-use assets and the interest expense associated with the lease liabilities as part of the development costs of the solar facilities (see Note 7) that are constructed on the leased land. These costs will be amortized as a component of the solar facilities when they begin commercial operation. During 2020, the Company capitalized $15,963 depreciation and $46,803 lease interest. There were no similar amounts in 2019 as the Company only began to lease land during 2020.

During 2019, the Company's only right-of-use asset and lease liability related to office space. The lease was terminated during 2020 and the Company recognized a gain of $16,785, which has been included in Other Expense (Income) in the consolidated statements of operations and comprehensive loss.

Please see the tables below for more information regarding the Company's right-of-use assets and lease liabilities.

Right-of-use assets	Land	Other	Total
Year-ended December 31, 2019			
Balance - beginning of the year	$ -	$ -	$ -
Additions	-	92,000	92,000
Impairment	-	-	-
Amortization	-	(42,462)	(42,462)
Balance - end of year	$ -	$ 49,538	$ 49,538
As at December 31, 2019			
Cost	$ -	$ 92,000	$ 92,000
Accumulated depreciation	-	(42,462)	(42,462)
Net carrying amount	$ -	$ 49,538	$ 49,538
Year-ended December 31, 2020			
Balance - beginning of the year	**$ -**	**$ 49,538**	**$ 49,538**
Additions	**1,520,675**	**-**	**1,520,675**
Impairment	**-**	**-**	**-**
Amortization	**(15,963)**	**(35,385)**	**(51,348)**
Termination adjustment	**-**	**(14,154)**	**(14,154)**
Balance - end of year	**$ 1,504,712**	**$ -**	**$ 1,504,711**
As at December 31, 2020			
Cost	**$ 1,520,675**	**$ -**	**$ 1,520,675**
Accumulated depreciation	**(15,963)**	**-**	**(15,963)**
Net carrying amount	**$ 1,504,712**	**$ -**	**$ 1,504,712**

Lease liabilities	Land	Other	Total
Year ended December 31, 2019			
Balance - beginning of the year	$ -	$ -	$ -
New obligations	-	92,000	92,000
Payments	-	(33,159)	(33,159)
Balance - end of year	$ -	$ 58,841	$ 58,841
As at December 31, 2019			
Current	$ -	$ 48,405	$ 48,405
Long term	-	10,436	10,436
Net carrying amount	$ -	$ 58,841	$ 58,841
Year-ended December 31, 2020			
Balance - beginning of the year	**$ -**	**$ 58,841**	**$ 58,841**
New obligations	**1,520,674**	**-**	**1,520,674**
Payments	**(11,500)**	**(34,405)**	**(45,905)**
Interest accretion	**46,803**		**46,803**
Termination adjustment	**-**	**(24,436)**	**(24,436)**
Balance - end of year	**$ 1,555,977**	**$ -**	**$ 1,555,977**
As at December 31, 2020			
Current	**$ 34,633**	**$ -**	**$ 34,633**
Long term	**1,521,344**	**-**	**1,521,344**
Net carrying amount	**$ 1,555,977**	**$ -**	**$ 1,555,977**

11. Debt

OPERATING DEBT		Maturity	Contractual Rate	Original Currency	As at December 31, 2020	2019	Financing costs [1] 2020	2019
UGE International								
Aquisition loan	(i)	Sep-21	8.0%	CAD 750,000	**$ 588,525**	$ 576,150	**$ 69,561**	$ 45,324
Convertible debenture	(ii)	Oct-21	8.0%	CAD 720,000	**515,707**	445,215	**101,291**	102,713
Short term loan	(iv)	none	7.5%	CAD 101,873	**79,940**	78,188	**7,362**	2,761
UGE CanadaRE								
Canada Emergency Business Account	(v)	Dec-22	0.0%	CAD 40,000	**29,080**	-	**1,473**	-
Construction financing facility	(vi)	demand	prime +1.45%	CAD 1,200,000	**-**	1,200,000	**12,138**	81,000
Revolving credit facility	(vii)	demand	prime +1.45%	CAD 315,000	**-**	241,983	**2,970**	22,411
UGE Consulting								
Canada Emergency Business Account	(v)	Dec-22	0.0%	CAD 40,000	**29,080**	-	**1,473**	-
UGE USA								
Debt to former subsidiary	(iii)	Sep-23	8.0%	USD 350,000	**350,000**	350,000	**31,854**	34,650
Paycheck protection program (PPP)	(viii)	Apr-22	1.0%	USD 131,998	**31,851**	-	**2,214**	-
Economic injury disaster loan (EIDL)	(ix)	Jun-50	3.75%	USD 150,000	**152,481**	-	**6,683**	-
UGE Philippines								
Bank loan	(x)	Feb-21	7.75%		**251,680**			
				PhP22,850,000		587,060	**47,430**	3,499
Bank loan	(x)	Dec-27	8.00%		**187,347**			
Total					**$ 2,215,691**	$ 3,478,596	**$ 284,450**	$ 292,358
Current portion					**$ 1,466,074**	$ 2,107,302		
Non-current portion					**$ 749,617**	$ 1,371,294		

[1] **Financing costs include all finance charges including capitalized interest and accretion.**

Please see *Note 17(d) Liquidity risk* for a maturity profile for the above loans.

(i) *Acquisition loan* - This loan was secured by project receivables generated by UGE RE Inc. and a general security on UGE Canada RE Ltd., with the entities subsequently amalgamating to form UGE Canada RE Inc. In addition to the interest charges the loan incurs a quarterly service charges of CAD $3,750, which is recognized as financing costs. Interest is paid quarterly with the principal due at maturity. Subsequent to December 31, 2020, on February 17, 2021, the outstanding principal amount of the loan plus accrued interest and servicing charges was converted to common shares of the Company for CAD $2.65/unit resulting in the issuance of 286,220 common shares and 143,110 warrants.

(ii) *Convertible debenture* - This debenture is convertible to common shares of the Company at the option of the holder at a conversion price of CAD $0.96, at any time prior to the maturity date. Interest accrued is payable in cash or in common shares at the option of the holder at the same conversion price. In addition, the Company issued 60,000 broker warrants at an exercise price of CAD $1.40 which expired unexercised on October 23, 2020. The debenture is secured by the Company's assets under a general security agreement.

At issue, the debentures' net proceeds of CAD $619,439 (US $467,800) were separated into the liability component of CAD $486,210 (US $367,186), equity component of CAD $100,067 (US $75,571), and broker warrants value of CAD $26,162 (US $19,758). The liability is carried at amortized cost using the EIR method with an effective interest rate of 18.12% per annum. Transaction costs of CAD $107,561 (US $81,230) were paid in relation to the debentures. The fair value of the 60,000 broker warrants issued with the debentures was valued using the Black-Scholes option pricing model based on the following assumptions: volatility of 113% using the historical trading prices of the Company, risk-free

interest rate of 2.350%, expected life of 2 years and share price of CAD $0.58. During the year ended December 31, 2020, the Company recorded accretion expense of $57,684 (2019 - $59,202). Interest is payable quarterly with principal due at maturity if not converted.

(iii) *Debt to Former Subsidiary* - Upon conversion of a divestment loan from debt to equity, a $350,000 loan was issued to Urban Green Energy HK Ltd. Interest is payable quarterly with principal due at maturity. Subsequent to December 31, 2020, on March 3, 2021, the principal amount of this loan plus accrued interest was paid in full.

(iv) *Short term Loan* - At December 31, 2020 the repayment schedule of a loan agreement was being negotiated, and the timing was not known. Subsequent to December 31, 2020, on February 23, 2021, the principal amount of this loan plus accrued interest was paid in full.

(v) *Canada Emergency Business Account* – In 2020 UGE Canada RE and UGE Consulting each received CAD $40,000 under the Canada Emergency Business Account loan program that was offered in response to the COVID-19 pandemic. If 75% of the loan is repaid by the maturity date 25% (CAD $10,000 each) of the loan will be forgiven. The Company has not recorded the potential loan forgiveness. If not repaid, the loan will be converted to a 3-year term loan at 5% annual interest, paid monthly. The interest rate on this loan is below market terms and the estimated benefit of CAD $17,932 associated with the below market terms is being recognized over the term of the loan. The loan is being amortized using an effective interest rate of 12%. Subsequent to December 31, 2020 both entities received an additional CAN $20,000 under an expansion of the loan program.

(vi) *Construction Financing Facility* – This facility was secured by a general security agreement covering all assets of UGE Canada RE. In Q3 2020 the Company reached an agreement with the lender and settled this facility, together with the facility discussed below under (vii), for a total CAD $180,000. The Company realized a total gain on extinguishment of debt of CAD $1,368,162 (US $1,010,251) that was recorded in other income on the consolidated statement of operations and comprehensive loss.

(vii) *Revolving Credit Facility* - This facility was secured by a general security agreement covering all assets of UGE Canada RE. In Q3 2020 the Company reached an agreement with the lender and settled this facility, together with facility discussed above under (vi), for a total of CAD $180,000. The Company realized a total gain on extinguishment of debt of CAD $1,368,162 (US $1,010,251) that was recorded in other income on the consolidated statement of operations and comprehensive loss.

(viii) *Paycheck Protection Program* – In response to the COVID-19 pandemic the US government through the Small Business Administration (SBA) provided loans to qualifying companies. The Company received loans of $131,998 under this program. At December 31, 2020, the Company had applied for loan forgiveness in the amount of $99,967 which in management's judgment will be approved, and as such this amount has been recognized as other income (see Note 12). As at the date of these financial statements management had not yet been informed of the loan's repayment terms. The interest rate on this loan is at below market terms and the estimated benefit of $7,848 associated with the below market terms is being recognized over the term of the loan. The loan is being amortized using an effective interest rate of 11%. Subsequent to December 31, 2020 the Company received an additional $120,811 under this program. The Company intends to apply for loan forgiveness in an amount that has yet to be determined.

(ix) *Economic Injury Disaster Loan* - In response to the COVID-19 pandemic the US government, through the SBA, provided loans to qualifying companies. The Company received a loan of $150,000 under this program. The interest rate on this loan is at below market terms and the estimated benefit of $63,966 associated with the below market terms is being recognized over the term of the loan. The loan is being amortized using an effective interest rate of 9.05%. Under the program the first payment has been deferred until June 15, 2021.

(x) *Unionbank Loan* – Term loans are due upon completion of the construction of projects and have a security interest in the projects. Subsequent to December 31, 2020, during the first quarter of 2021, the $251,680 loan due February 2021 was repaid.

PROJECT DEBT	Note	Maturity	Contractual Rate	Original Currency	As at December 31, 2020	As at December 31, 2019	Financing costs [1] 2020	Financing costs [1] 2019
UGE Project Holdco.								
Green Bonds	(i)	Sep-23	7.0%	CAD 500,000	**$ 357,813**	$ 338,254	**$ 37,641**	$ 38,108
Green Bonds	(i)	Jan-25	7.0%	CAD 105,000	**68,501**	-	**8,207**	-
UGE Project Development Holdco.								
Secured debentures	(ii)	2021	12.0%	CAD 30,000	**23,541**	23,046	**2,672**	3,077
UGE USA								
Term loan	(iii)			USD 25,000	-	25,000	**1,234**	1,234
Term loan	(iv)			USD85,000	-	84,410	**2,811**	3,952
Contruction financing	(v)		8.5%		**205,630**	373,508	**88,269**	32,557
Operating project debt	(vi)	2027	6.2%-7.4%		**987,204**	-	**19,713**	-
Tax equity financing	(vii)				**249,131**	-	**14,291**	-
Total					**$ 1,891,820**	$ 844,218	**$ 174,838**	$ 78,928
Current portion					**$ 393,478**	$ 415,269		
Non-current portion					**$ 1,498,342**	$ 428,949		

[1] **Financing costs include all finance charges including capitalized interest and accretion. Construction loan finance costs were capitalized during 2020.**

Please see note Note 17(d) Liquidity risk for a maturity profile for the above loans.

(i) *Green Bonds* – On October 23, 2018, the Company completed an offering of Secured Green Bonds. The effective interest rate is 10.38%. For each $1,000 of principal issued in bonds, the Company issued 25 bonus units (the "Bond Units") consisting of one common share of the Company (the "Bond Unit Shares") and half of one common share purchase warrant (each whole warrant, a "Bond Unit Warrant") resulting in the issuance of 12,500 Bond Unit Shares, and 6,250 Bond Unit Warrants. Each Bond Unit Warrant could be exercised by the holder for one common share of the Company at an exercise price of $1.40 per share up to October 23, 2020. The Bond Unit Warrants expired with no exercises. In addition, 21,429 broker warrant purchase units were issued at an exercise price of $1.40 expiring October 23, 2020. Each warrant entitles the holder thereof to acquire a unit of the Company consisting of one common share and ½ of one common share purchase warrant for a period of 24 months from the Closing Date, with each warrant being exercisable for one Common Share at an exercise price of $1.40 per share for a period of 24 months from the Closing Date. The broker warrants expired with no exercises. On January 24, 2020 the Company completed a second offering of Secured Green Bonds in the aggregate amount of CAD$105,000 ($79,205). The effective interest rate is 11.18%. The Bonds are secured against projects of the Company with security interest owned by the Company's wholly owned subsidiary, UGE Project HoldCo Ltd. Interest is payable quarterly with the principal due at maturity.

(ii) *Secured debentures* – In February and October of 2019, the Company's wholly-owned subsidiary, UGE DevCo, issued debentures secured by the Company's solar projects, in aggregate equal to CAD $30,000 and paying 12% interest. Interest was payable quarterly with principal due at maturity. Subsequent to December 31, 2020, on March 9, 2021, these debentures plus accrued interest were paid in full.

(iii) *Term Loan* – At December 31, 2019, UGE USA had a short-term loan unsecured facility of $50,000, used for short-term project development investments, based on a fixed weekly repayment schedule, of which $25,000 was drawn. This term loan has since been repaid.

(iv) *Line of credit* - At December 31, 2019, UGE USA, a wholly owned subsidiary of UGE, had a line of credit facility used to fund short-term project development investments with a maximum limit of $85,000 and secured by UGE USA assets. The loan repayment was based on fixed weekly payments at 33.69% and has since been repaid.

(v) *Construction financing* – During 2020, UGE USA, through wholly-owned subsidiaries, had secured construction financing for four projects. Three of the projects were completed during the year and the construction financing has been replaced by operating project debt. The remaining solar project is expected to be completed during 2021, at which point the construction financing will be converted to operating project debt. The Company defers origination fees and capitalizes borrowing costs during the construction period. Origination fees are subsequently amortized over the project debt term, and borrowing costs are included in the carrying cost of the underlying project.

(vi) *Operating project debt* – At December 31, 2020, the Company had secured term loans for three solar facilities whose construction was completed during the year. The loans have 7-year terms with 25 year amortization schedules, and interest rates between 6.19% and 7.39%. Interest and principal are payable monthly.

(vii) Tax equity financing – As described in Note 3, the Company owns and operates certain solar facilities in the US under subsidiaries that are set up as tax equity structures to finance the capital cost of solar facilities. Amounts paid by the TEIs for their equity stakes are classified as debt on the consolidated statements of financial position and are measured at amortized cost using the EIR method. Amortized cost is affected by the allocation of ITCs, taxable income, and accelerated tax depreciation. Financing expenses represents the interest accretion using the EIR. The average EIR of the tax equity financing is 22.12%. Please see *Note 3 (l) (ii) Tax Equity* for more information.

12. Other expense (income)

	2020	2019
Government grants and loan forgiveness - COVID 19 related	**$ (380,906)**	$ -
Net gain on debt settlement	**(1,010,251)**	-
Net gain on proposal under the BIA	**(849,037)**	-
Net gain on other trade payables settlement	**(219,624)**	(244,036)
Net (gain) loss on exchange of shares and warrants for debt	**46,041**	(2,687)
Gain on sale of solar facility	**(194,623)**	-
Tax equity investor allocations	**(94,952)**	-
Other	**(51,463)**	56,383
	$ (2,754,816)	$ (190,340)

In 2020 the Company received grants through the Canadian employer wage subsidy program that were recognized as government grant income. Additionally, the Company submitted an application for loan forgiveness for the US SBA Paycheck Protection Program, which management expects will be approved. This amount has been recognized as loan forgiveness.

In 2020 the Company settled $1,200,000 and $241,983 in operating debt for less than the amount owing (see Note 11) resulting in a gain on settlement of debt of $1,010,251.

On November 25, 2020, the Company's Canadian business unit (UGE Canada RE Ltd.) received approval from the Ontario Court of Justice for its Proposal under the BIA (Bankruptcy and Insolvency Act). Under the terms of the proposal the Company agreed to pay CAD $678,390 (US $532,333) in quarterly installments over 24 months, in settlement of CAD $1,831,136 in accounts payable to creditors. This resulted in a gain of CAD $1,122,620 (US $849,037) on the settlement of accounts payable. Subsequent to December 31, 2020, in several payments with the final payment occurring on March 31, 2021, the Company pre-paid the remaining amount owing under the proposal at a discount of CAD $54,124 (US $42,471).

During 2020 and 2019, the Company negotiated settlements of outstanding balances with individual creditors, resulting in gains of $219,624 and $244,036 in the respective years.

In 2020 the settlement of CAD $328,789 in payables and executive bonuses for 1,382,407 common shares and 125,000 warrants resulted in a non-cash loss of $46,041. Please see *Note 14 Share* Capital for more information.

Also, in 2020 the Company sold a solar facility that was completed in 2020 to a third party and realized a gain of $194,623 on the sale. Sales of completed solar facilities are not part of the Company's general business model but are considered on a one-off basis if the economics are favorable.

Tax equity investor allocations include the allocation of taxable income and tax benefits to tax equity investors net of any cash allocations made to the tax equity investors based on their percentage allocation.

13. Finance expenses

	2020	2019
Interest on operating debt	$ 226,767	$ 233,155
Interest on project debt	57,530	67,172
Interest on tax equity financing	14,291	-
Interest on lease liabilities	7,301	22,577
Accretion expenses	72,739	70,959
Other	41,924	83,193
	$ 420,552	$ 477,056

The Company's finance expenses are primarily associated with its operating and project debt. Please see Note 11 for more detail of individual loan finance expenses.

14. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value.

The issued and outstanding share capital is as shown below:

	2020		2019	
	Number of shares	Amount	Number of shares	Amount
Balance beginning of year	**20,250,439**	**$ 20,050,151**	18,074,171	$ 19,592,790
Private placement of shares, net of costs	**3,908,156**	**1,245,885**	1,013,333	293,167
Stock option exercises	**473,584**	**237,723**	-	-
Warrant exercises	**2,149,666**	**1,045,496**	-	-
Amount for special warrants issued	-	-	775,000	-
Debt to equity conversions	**1,382,407**	**275,023**	387,935	164,194
Balance at end of year	**28,164,252**	**$ 22,854,278**	20,250,439	$ 20,050,151

On December 23, 2019 the Company completed a 4:1 share consolidation. The exercise price or conversion price of, and the number of common shares issuable under, any convertible securities of the Company were proportionately adjusted upon completion of the share consolidation. References in these consolidated financial statements to share amount, per share data, share prices exercise prices and conversion prices have been adjusted to reflect the share consolidation.

Private placement equity financing and warrants

On December 23, 2020, the Company completed a non-brokered private placement of 908,155 units ("Units') for gross proceeds of CAD $1,634,679 (US $1,280,719). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant for an issuance price of CAD $1.80 per Unit. Each Unit warrant entitles the holder to purchase one common share of the Company for CAD$2.40 for 18 months from the date of issuance. The Unit warrants accelerate expiry if the price of the common shares of the Company equals or exceeds CAD $3.00 for ten consecutive trading days. Certain finders of the private placement received cash commissions equal to 5% of gross proceeds from subscribers sourced and finder's warrants equal to 5% of the Units from subscribers sourced. Cash commissions and fees totaled CAD$96,650 (US $75,704) and finder's warrants issued totaled 26,550. Each finder's warrant entitles the holder to purchase one common share of the Company for CAD$1.80 for 24 months from the date of issuance. The warrants were valued at CAD $396,888 (US $310,587), using the following significant assumptions: expected lives of 18 and 24 months, volatilities of 116% and 117%, and a risk-free rate of .26%.

On February 25, 2020, the Company completed a non-brokered private placement of 3,000,000 units ("Units') for gross proceeds of CAD $780,000 (US $559,577). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant for an issuance price of CAD $0.26 per Unit. Each Unit warrant entitled the holder to purchase one common share of the Company for CAD $0.33 for 18 months from the date of issuance. Certain finders of the private placement received cash commissions equal to approximately 5% of gross proceeds from subscribers sourced and finder's warrants equal to 5% of the Units from subscribers sourced. Cash commissions and fees totaled CAD $24,166 (US $18,200) and finder's warrants issued totaled 80,000. Each finder's warrant entitled the holder to purchase one common share of the Company for CAD $0.33 for 18 months from the date of issuance. During 2020, 1,555,000 of the Unit warrants and finders' warrants associated with this issuance were exercised for proceeds of CAD $513,150. The warrants were valued at CAD $251,151 (US $189,920), using the following significant assumptions: an expected life of 18 months, volatility of 126% and a risk-free rate of 1.51%.

On February 8, 2019, the Company completed a non-brokered private placement of 1,013,333 ("Units") for gross proceeds of CAD $608,000 (US $458,371). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant at an issuance price of CAD $0.60 per Unit. Each Unit warrant entitled the holder to purchase one common share for CAD $0.80 for a period of 24 months from the date of issuance. Certain finders of private placement received cash commissions equal to 6% of the gross proceeds from subscribers sourced and finder's warrants equal to 6% the number of Units sourced. Cash commissions totaled CAD $6,480 (US $4,885) and the issuance of 10,800 finder's warrants. Each finder's warrant entitled the holder to purchase one Common Share of the Company for CAD $0.80 per share for a period of 24 months from the date of issuance. In addition to commissions and finder's warrants, the Company paid CAD $15,765 (US $11,952) in legal and issuance fees for the completion of the private placement. Significant assumptions used in the Black-Scholes model to value the warrants included an expected life of 2 years, volatility of 103% and a risk-free rate of 1.59%.

Shares for conversion of debt to equity

During 2020 and 2019, the Company converted certain accounts payable balances to common shares, as shown below.

Date	Type		Balance converted (CAD)	Average conversion price (CAD)	Number of common shares
2020					
08-Jan-20	Accounts payable & executive bonuses	**$**	**61,042**	**$0.160**	**382,292**
14-Feb-20	Accounts payable & executive bonuses		**39,226**	**0.249**	**157,500**
06-Mar-20	Accounts payable & executive bonuses		**60,493**	**0.186**	**325,000**
06-Jul-20	Accounts payable & executive bonuses		**115,917**	**0.264**	**438,667**
17-Aug-20	Accounts payable & executive bonuses		**30,000**	**0.380**	**78,948**
Total 2020		**$**	**306,677**	**$0.22**	**1,382,407**
2019					
12-Feb-19	Accounts payable & executive bonuses	$	130,667	$0.60	217,778
10-Jun-19	Accounts payable		61,119	0.44	138,907
17-Sep-19	Accounts payable		7,500	0.24	31,250
Total 2019		$	199,286	$0.51	387,935

During 2020 the settlement of CAD $306,677 (US $275,023) in payables and executive bonuses for 1,382,407 common shares resulted in a non-cash loss of CAD $62,920 (US $46,041) recorded in Other Expense (Income); please see *Note 12*. On March 15, 2020 the Company settled CAD $24,313 (US $17,773) in payables through the issuance of 125,000 common share warrants with a strike price of $0.33 and an 18-month term to expiry. All of the warrants were exercised during 2020.

Warrants

The Warrant activity is as shown below:

Date issued	Expiry	Exercise price (CAD)	Outstanding at Dec 31, 2019	Issued	Expired	Exercised	Outstanding at Dec 31, 2020
15-Jun-18	14-Jun-20	$1.60	312,500	-	(312,500)	-	-
23-Oct-18	23-Oct-20	1.40	87,679	-	(87,679)	-	-
08-Feb-19	08-Feb-21	0.80	517,467	-		(469,666)	**47,801**
27-Feb-20	16-Aug-20	0.33	-	1,580,000	(25,000)	(1,555,000)	-
05-Mar-20	16-Aug-20	0.33	-	125,000	-	(125,000)	-
23-Dec-20	23-Jun-22	2.40	-	454,077	-	-	**454,077**
23-Dec-20	23-Jun-22	$1.80	-	26,550	-	-	**26,550**
			917,646	**2,185,627**	**(425,179)**	**(2,149,666)**	**528,428**

Date issued	Expiry	Exercise price (CAD)	Outstanding at Dec 31, 2018	Issued	Expired	Exercised	Outstanding at Dec 31, 2019
27-Jun-17	26-Jun-19	$0.80	431,250	-	(431,250)	-	-
27-Jun-17	26-Jun-19	0.60	60,375	-	(60,375)	-	-
15-Jun-18	14-Jun-20	1.60	312,500	-	-	-	312,500
23-Oct-18	23-Oct-20	1.40	87,679	-	-	-	87,679
08-Feb-19	08-Feb-21	$0.80	-	517,467		-	517,467
			891,804	517,467	(491,625)	-	917,646

The Company offers an incentive stock option plan that provides for the granting of options of its issued and outstanding common shares to directors, officers, employees and consultants. In 2020, the Board of Directors approved an amendment to change the stock option plan from a “rolling” stock option plan, which defines a maximum number of options available as 10% of total issued and outstanding shares at time of grant, to one with a fixed number of stock options available. The number of options was fixed at 3,800,000, with the condition that any options issued above the options available under the 10% cap cannot be exercised until the change to the stock option plan has been approved by shareholder vote at the next annual meeting.

The stock option activity is as shown below:

	2020		2019	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Balance beginning of year	**1,255,626**	**$ 0.42**	1,051,166	$ 1.08
Granted	**2,446,802**	**0.47**	1,076,825	0.34
Exercised	**(473,584)**	**0.33**	-	N/A
Expired	**(37,500)**	**0.71**	-	N/A
Forfeited	**(193,727)**	**0.29**	(245,692)	0.68
Canceled	**-**	**-**	(626,673)	2.12
Balance at the end of the year	**2,997,617**	**$ 0.49**	1,255,626	$ 0.42
Balance exercisable at the end of the year	**1,360,641**	**$ 0.49**	398,917	$ 2.95

During the year ended December 31, 2020, the Company recorded share-based compensation expense of $462,094 (2019 - $172,854) in the consolidated statement of operations and comprehensive loss, relating to stock options issued to employees, directors, and consultants. The compensation expense was based on the fair value of each stock option on the date of the grant using the Black-Scholes option pricing model with the below assumptions:

	2020	2019
Expected life	**1 - 5 years**	5 years
Expected volitility	**105.14% - 130.03%**	153.40%
Expected dividend rate	**0.00%**	0.00%
Risk-free interest rate	**0.26% - 1.37%**	1.40%

The Company's outstanding options at December 31, 2020 are as shown below:

Exercise price CAD $	Number outstanding	Number exercisable	Weighted average remaing contractual life (years)
$0.13	280,000	280,000	3.7
0.24	1,008,300	210,000	4.5
0.28	200,000	200,000	3.6
0.32	359,325	103,442	3.5
0.36	50,000	50,000	3.0
0.43	300,000	75,000	1.6
0.52	109,292	66,500	2.9
0.70	62,500	62,500	3.2
0.78	330,000	165,000	2.8
1.16	64,925	64,925	2.4
1.32	2,500	2,500	2.4
1.80	213,250	63,250	4.6
2.44	17,525	17,525	1.5
$0.49	**2,997,617**	**1,360,641**	**3.6**

15. Segmented information

Management has determined that the Company operates in one operating segment, renewable energy solutions. Operations take the form of consulting, EPC, or the build-own-operate solar facilities model. Revenue is the primary means by which management evaluates operations. During the years ended December 31, the Company had revenues in the United States, Canada and the Philippines, and is organized into geographic sales areas consisting of these countries.

Total revenue by geographic area for the years ended December 31, was as shown below:

	2020	2019
Canada	$ **260,439**	$ 2,635,863
United States	**273,704**	1,487,070
Philippines	**905,538**	938,926
	$ **1,439,681**	$ 5,061,859

The majority of the Company's non-current assets are related to its United States operations.

During the year ended December 31, 2020 the Company had three (2019 - one) customers that individually accounted for more than 10% of consolidated revenue as listed below. No other customer accounted for more than 10% of the Company's consolidated revenue.

	2020	2019
Customer 1	**20%**	44%
Customer 2	**18%**	N/A
Customer 3	**15%**	N/A

16. Contingencies

UGE USA was contracted to complete a portfolio consisting of three projects with a US-based solar developer (the "Developer"). In July 2018 a dispute arose between UGE USA and the Developer. The Developer named UGE USA in a legal action for alleged breach of contract. UGE USA disputed the claims and filed counterclaims for non-payment, among other counterclaims.

In 2019 UGE settled the dispute related to one of the three projects with the Developer. The Company has accrued for damages that could be levied on the settlement of the third project, all of which has been included in project-related loss in the statement of operations and comprehensive loss for the year ended December 31, 2019. The total amount accrued on this project was $974,706 and is included in trade and other payables (see Note 9). Settlement discussions have not yielded an acceptable outcome and the lawsuit continues, with UGE demanding payment for amounts owed of $1,130,274 which is included in trade receivables (see Note 10). Currently, the case is expected to go to trial in approximately September 2021.

UGE Canada RE is a party to a collaboration agreement with a Canadian solar developer, Soventix Canada Inc. ("Soventix"), which saw the two parties complete a portfolio of solar projects, mostly throughout 2017 with the final two sites being completed in early 2018. During the second quarter of 2018, UGE filed a Statement of Claim with the Ontario Superior Court of Justice for unpaid invoices and contractual damages totaling $376,369 (CAD$500,425), which consists of costs and accumulated interest. Until the action has been determined, the Company took a project loss of $213,000 in 2018.

The Company is subject to possible claims that arise in the ordinary course of business. The outcome of these claims, either individually or in the aggregate, are not expected to have a material impact on the Company's financial position or financial performance.

17. Financial Instruments

Fair value

The Company's financial instruments that are measured at fair value on a recurring basis on the consolidated statements of financial position are currently cash and restricted cash.

The Company's financial instruments consist of cash, restricted cash, trade and other receivables excluding HST and VAT, trade and other payables, and debt. The fair values of these financial instruments, except for certain loans payable that are discussed in Note 11, approximate carrying value because of the short-term nature of these instruments. The carrying values of the majority of the Company's loans payable approximate their fair value, given that interest rates have not changed materially during the term the Company has held the loans.

Financial risk management

The Company is exposed to a number of financial risks arising in the normal course of business, as well as through its financial instruments. The Company's overall business strategies, tolerance of risk and general risk management philosophy are determined by the directors in accordance with prevailing economic and operating conditions.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has cash balances and currently all outstanding debt has fixed interest rates and therefore the Company is not significantly exposed to fluctuating interest rates in the short to mid-term based on the current balance sheet position. There is interest rate risk on project refinancing as most project financing contractual terms are shorter than the project life. Projects in the backlog will require debt financing and changes in bench-mark interest rates prior to debt commitment could affect the viability of specific projects. The Company does not currently hedge these risks. Our current policy is to invest excess cash in a savings account at our banking institution.

(b) *Foreign currency risk*

The Company primarily operates in the United States, Canada, and the Philippines, and therefore enters into transactions denominated in USD, CAD and Filipino Pesos. Each entity may be exposed to foreign currency risks from exchange rate fluctuations by entering into transactions outside their respective functional currencies. A significant change in the currency exchange rates between the aforementioned currencies for entities with revenue, expenses, receivables and payables foreign currency exposures could

have an effect on the Company's financial performance, financial position and cash flows. The Company does not currently hedge its exposure to foreign currency risk using financial instruments.

The Company's financial instruments subject to foreign currency risk are listed below (in USD). The Company's foreign currency exposures have decreased significantly in comparison to 2019, as individual entities are entering fewer transactions or holding lower balances outside their home currency.

	2020	2019
Financial assets		
Cash	**16,566**	(33,094)
Restricted cash	-	299,338
Trade Receivables	**30,259**	19,589
Financial liabilities		
Accounts payable	**5,875**	278,024
Loans payable	-	1,200,000

Based on financial assets and liabilities held at December 31, 2020, a 5% increase or decrease in foreign exchange rates, with all other variables held constant, would result in a foreign exchange gain or loss of approximately $2,600 (2019 - $87,283).

(c) *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and restricted cash, and trade receivables. The carrying amount of these financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash and restricted cash by placing these financial instruments with high quality financial institutions. Credit risk relating to trade receivable and overdue accounts receivable from vendors are managed on a case-by-case basis. As at December 31, 2020 and 2019, the Company had overdue accounts receivable outstanding and payable due to litigation with the Developer as noted in Note 16. The Company is demanding full payment of amounts owing of $1,130,274.

The Company has provided $248,706 (2019 -$176,705) for expected credit losses on its trade and accounts receivables, unbilled revenue and notes receivable. Excluding the receivables associated with the litigation discussed above, at December 31, 2020 there were $155,141 outstanding accounts receivable aged more than 30 days, which the Company believes will be collected. Please see *Note 6 Trade and other receivables* for more information.

(d) *Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its financial obligations when due. The Company has a planning and budgeting process to help determine the funds required to support the Company's normal spending requirements on an ongoing basis and its expansionary plans. As at December 31, 2020 the contractual maturities of financial liabilities, including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5+ years
Accounts payable and accrued liabilties	$ 3,849,195	$ 3,849,195	$ 3,849,195	$ -	$ -	$ -
Project loans payable	1,891,820	2,479,132	543,610	190,281	970,574	774,667
Operating loans payable	2,215,691	2,641,027	1,592,049	555,993	112,716	380,269
Lease liabilties	1,555,977	6,096,022	34,633	67,225	510,613	5,483,551
	$ 9,512,684	**$ 15,065,376**	**$ 6,019,487**	**$ 813,498**	**$ 1,593,903**	**$ 6,638,487**

18. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2019-26.5%) to the effective tax rate is as follows:

	2020	2019
Net loss before income taxes	**$ (901,410)**	**$ (2,494,753)**
Expected income tax expense (recovery)	**(238,874)**	(661,110)
Tax rate changes and other adjustments	**(28,500)**	(68,245)
Share based compensation and other non-deductible expenses	**42,740**	44,287
Taxable intercompany income	**139,470**	-
Share issuance costs booked directly to equity	**(37,770)**	-
ITC and tax depreciation allocated to tax equity investors	**107,810**	-
Change in tax benefits not recognized	**105,619**	697,965
Income tax expense	**$ 90,496**	**$ 12,898**
The Company's income tax expense is allocated as follows:		
Current tax (recovery) expense	**90,496**	12,898
Deferred tax (recovery) expense	**-**	-
Income tax expense	**$ 90,496**	**$ 12,898**

The following table summarizes the components of the Company's net deferred tax asset:

	2020	2019
Deferred Tax Assets		
Lease liabilities	$ 500,010	$ -
Share issuance costs	780	605,765
Reserves and others	11,880	-
Operating tax losses carried forward - Canada	572,290	-
Operating tax losses carried forward - US	468,030	-
	1,552,990	605,765
Deferred Tax Liabilities		
Intercompany Loans	(570,384)	(571,490)
Property, plant and equipment	(392,150)	-
Right of use assets	(500,010)	-
Project development costs	(73,560)	-
Others	(15,780)	(33,192)
	(1,551,884)	(604,682)
Net Deferred Tax Asset	$ 1,106	$ 1,083

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2020	2019
Accounts payable and accrued liabilities	$ 959,210	$ 1,122,318
Trade and other receivables	-	186,767
Share issuance costs	259,200	-
Operating losses carried forward - Canada	2,444,340	1,734,800
Operating losses carried forward - US	2,990,340	4,399,294
Operating losses carried forward - Philippines	343,150	122,266
Capital losses carried forward	14,699,310	17,239,125
Share based compensation	248,030	200,996
Interest expenses	739,460	689,433
Other	56,530	133,441
Total	$ 22,739,570	$ 25,828,440

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

Capital losses carried forward can be carried forward indefinitely to offset capital gains.

Operating losses from operations in the United States of approximately $2,990,340 (2019 – $4,399,294) may be used to offset future taxable income in the United States. The losses can be carried forward indefinitely.

Operating losses from operations in Canada of $1,929,914 (2019 - $3,891,370) that may be used to offset future taxable income in Canada and expire in 2039 ($320,233), and 2040 ($1,609,681) while the remaining deductible temporary differences may be carried forward indefinitely.

19. General and administrative expenses

	2020	2019
Salaries and benefits	$ 1,647,514	$ 1,556,780
Share based compensation	462,094	172,854
Corporate and office	1,157,240	1,246,984
Insurance	212,691	187,090
Travel and marketing	112,547	95,930
		-
	$ 3,592,085	$ 3,259,638

20. Related party transactions

The Company's related parties include the following individuals or entities:

- associates, or entities, that are controlled or significantly influenced by the Company;
- key management personnel as defined by IFRS, comprised of the Company's directors and officers, and other employees having authority and responsibility for planning, directing and controlling the Company's activities; and
- entities controlled by key management personnel

As at, and during the year ended, the Company had the following related party transactions:

- two directors and one officer became tax equity investors in tax equity partnerships controlled by the Company for a total investment of $268,000; at December 31, 2020 the carrying amount of the associated tax equity liabilities was $249,131.
- the Company issued a $100,000 note receivable to one officer of the Company in connection with the officer's investment in a tax equity partnership controlled by the Company. The note is secured by the tax equity investment and cash distributions from the tax equity investment must first be directed to reduce the loan balance. The note was issued in August 2020, matures in February 2022, and bears interest at 3%. It may be prepaid at any time, in full or in part, without penalty. The outstanding balance of the note was $100,000 at December 31, 2020;

- the Company entered into a land lease agreement with one officer, with the intention of constructing a solar facility. At December 31, 2020 the lease liability associated with this lease is $153,908 with expected future cash flows over 30 years of $496,317. The lease agreement has market terms and conditions;
- a director held CAD $30,000 secured debentures payable by the Company. The debentures, which had market terms and conditions, were repaid in full in March 2021;
- the Company settled $91,808 in executive bonuses with two officers for 488,532 common shares, realizing a non-cash other loss of $9,759. Please see *Note 14 Share Capital and Note 12 Other expense (income)* for more information;
- the Company settled $22,930 in director compensation with one current and two former directors for 187,500 in common shares. Please see *Note 14 Share Capital* for more information.

21. Key management personnel

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and comprise the members of the executive management team and the Board of Directors. The amount of compensation expense recognized for key management personnel for the years ended December 31 is as shown below:

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		2020		2019
Salaries and commissions	$	**495,499**	$	577,351
Share-based compensation		**349,713**		131,630
	$	**845,213**	$	708,981

22. Subsequent Events

On February 17, 2021, the Company completed a brokered private placement of 2,645,000 units ("Units') for gross proceeds of CAD $7.01 million (US $5.51 million). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant for an issuance price of CAD $2.65 per Unit. Each Unit warrant entitles the holder to purchase one common share of the Company for CAD $3.30 for 24 months from the date of issuance. Following the one-year anniversary of the issuance the Unit warrants accelerate expiry if the price of the common shares of the Company equals or exceeds CAD $4.50 for ten consecutive trading days. In connection with the offering the Company paid the underwriters a cash commission of CAD $420,555 (US $330,854) and issued 158,700 in broker warrants. Each broker warrant entitled the holder to purchase one common share of the Company for CAD$2.65 until February 17, 2023.

On February 17, 2021 the Company converted CAD $750,000 (US $590,025) of debt and CAD $8,462 (US $6,657) in accrued interest and fees, originally issued on September 24, 2018 and otherwise maturing September 24, 2021, into 286,220 units. Each unit consisted of one common share of the Company and one half of one common share purchase warrant at a conversion price of $2.65 per unit. Each unit warrant entitles the holder to purchase one common share of the Company for CAD $3.30 for 24 months from the

date of issuance. Following the one-year anniversary of the issuance the Unit warrants accelerate expiry if the price of the common shares of the Company equals or exceeds CAD $4.50 for ten consecutive trading days.

On February 23, 2021, the Company's short-term loan of CAD $101,873 (US $79,940) plus accrued interest was paid in full.

Over the period ending February 23, 2021, $251,680 principal plus accrued interest of the non-project loan held by UGE Philippines was repaid.

On March 3, 2021, the Company's $350,000 debt to a former subsidiary plus accrued interest was paid in full.

On March 9, 2021, the Company's CAD $30,000 (US $23,541) secured debentures plus accrued interest were paid in full.

Over the period ending March 31, 2021, the Company paid CAD $624,266 as full settlement of the Proposal under the BIA that was finalized November 25, 2020 by its wholly owned subsidiary, UGE Canada RE Ltd.

Subsequent to December 31, 2020 the Company received an additional $120,811 under the US Paycheck Protection Program. The Company intends to apply for loan forgiveness in an amount that has yet to be determined.

Subsequent to December 31, 2020 UGE Canada RE and UGE Consulting received an additional CAD $40,000 total (US $28,465) under an expansion of the Canada Emergency Business Account loan program.

Subsequent to December 31, 2020 the Company's application to increase its EIDL loan to $500,000 was approved.

Subsequent to December 31, 2020, the Company entered into two new long-term land leases.

Subsequent to December 31, 2020, the Company entered into the tax equity agreement with a director of the Company for a solar facility that is currently under construction. The amount of the tax equity investment is expected to be $200,000.