



June 6, 2022
Marco Rodriguez, CFA
marco@stonegateinc.com
214-987-4121

MARKET STATISTICS

| | |
|-----------------------------|-------------------------------------|
| Exchange / Symbol | TSX.V: VTX |
| Price (CAD): | \$0.44 |
| Market Cap (CAD, mm): | \$48.5 |
| Enterprise Value (CAD, mm): | \$145.0 |
| Shares Outstanding (mm): | 110.2 |
| Float (%): | 36.8% |
| Volume (3-month avg.): | 29,522 |
| 52-week Range (CAD): | \$0.29-\$0.62 |
| Industry: | Environmental & Facilities Services |

CONDENSED BALANCE SHEET

(CAD \$mm, except per share data)

| | |
|----------------------|------------|
| Balance Sheet Date: | 03/31/2022 |
| Cash: | \$0.5 |
| Cash/Share: | \$0.01 |
| Debt: | \$98.6 |
| Equity (Book Value): | \$51.0 |
| Equity/Share: | \$0.56 |

CONDENSED INCOME STATEMENTS

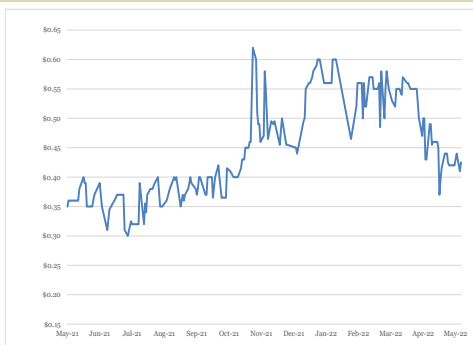
(CAD \$mm, except per share data)

| FY - 12/31 | Revenue | EBITDA | Net Income | EPS |
|------------|---------|--------|------------|----------|
| FY19 | \$168.1 | \$22.3 | \$(11.3) | \$(0.12) |
| FY20 | \$136.1 | \$24.5 | \$(5.7) | \$(0.06) |
| FY21 | \$159.4 | \$26.2 | \$1.7 | \$0.02 |
| FY22E | \$202.7 | \$33.2 | \$4.2 | \$0.04 |

LARGEST SHAREHOLDERS

| | |
|-----------------------|------------|
| 32 Degrees Capital | 17,014,561 |
| Clemett Capital Corp. | 14,478,205 |
| Terry Stephenson | 14,414,233 |
| Brian Butlin | 10,512,879 |
| Paul Blenkhorn | 481,393 |
| Howard Start | 337,796 |
| Sherry Bielopotocky | 136,256 |
| Christopher Challis | 23,700 |

STOCK CHART



COMPANY DESCRIPTION

Vertex Resource Group is a leading North American provider of environmental and industrial services. The Company has over 50 years of experience helping clients achieve their developmental and operational goals through a versatile suite of integrated environmental consulting and service offerings. The Company serves a very diverse customer base that spans multiple industries, including energy, mining, utilities, public infrastructure, telecom, and government to name a few. The Company operations are primarily in Canada, but also has operations in select areas of the US. Vertex is headquartered near Edmonton, Alberta.

COMPANY SUMMARY

- Fully integrated environmental service offerings to drive long-term performance** – Vertex provides a full suite of services to clients that encompasses all stages of work from project assessment and environmental studies to the final abandonment of a project. Additionally, increased regulations and laws are driving clients to increase their focus on environmental liabilities. Given the Company's integrated suite of services, it is well positioned to help clients with increased regulation and can identify various points of revenue generation through-out a client's project life cycle that can range from 3 to 6 years.
- End market growth acting as tailwinds** – Management is positioning the Company to take advantage of key, end market growth drivers. These areas of focus include infrastructure project development, E&P operating and maintenance spending, and new funds for abandonment and reclamation. These key areas should generate solid revenue growth for Vertex for multiple years.
- Organic growth strategy to drive growth** – The Company is seeking a dual pronged approach to its organic growth objectives. First, it is seeking to expand its geographic footprint. Next, it is also looking to expand its service offerings and cross sell Vertex's diverse offerings to its customers. The main goal of this two-pronged approach is to increase utilization rates of the Company's primary assets, its people and equipment.
- Acquisition opportunities in fragmented market to drive additional growth** – Part of the Company's business strategy is focused on seeking accretive, strategic acquisition opportunities. With a highly fragmented market, management believes there are ample opportunities to consolidate at attractive valuations.
- Strong backlog** – Vertex closed F21 with an improved backlog of projects for both its segments, driven by customers across all its businesses that are showing signs of increased spending relative to levels in F20 and F21. With a backlog reaching record levels, Vertex is well positioned for growth in F22.
- Valuation** – We are using a multiple analysis framework to driver our valuation range. Coupling current and historical multiples, along with Vertex's growth profile and focus to improve its debt profile, we believe an EV/EBITDA range of 5.0x to 7.0x is reasonable. Applying this range to our F22 estimates, we arrive at a valuation range of \$0.60 to \$1.25, with a mid-point of \$0.90. See page 6 for further details.

BUSINESS OVERVIEW

Vertex Resource Group is a leading North American provider of environmental and industrial services. The Company has over 50 years of experience helping clients achieve their developmental and operational goals through a versatile suite of integrated environmental consulting and service offerings.

The Company's offerings are broad and include advisory services for new capital expenditure and asset development, environmental consulting and monitoring existing assets, emissions management solutions, sub-surface engineering, facility engineering, asset retirement and land reclamation services, fluid management and logistics, waste and recycling, industrial cleaning and maintenance, hydro-excavating, site services, and manufacturing solutions.

Exhibit 1: Vertex Services



Source: Company Reports

The Company started operations in 1962 with the founding of Three Star Trucking Ltd. and later with Farmstead Buildings, Ltd, and Pioneer Land Services Ltd. These three entities formed to become Vertex. Since then, the Company has grown via organic growth and acquisitions. And in October 2017, the Company completed a qualifying transaction with VIER Capital Corp, and began trading on the TSX Venture Exchange.

Vertex is headquartered near Edmonton, Alberta. The Company serves a very diverse customer base that spans multiple industries, including:

- ✓ Energy
- ✓ Mining
- ✓ Utilities
- ✓ Private Development
- ✓ Public Infrastructure
- ✓ Telecommunications
- ✓ Forestry
- ✓ Agriculture
- ✓ Government

Exhibit 2: Vertex Major Clients



Source: Company Reports

The Company operations are primarily in Canada, but also has operations in select areas of the US.

Exhibit 3: Vertex's Geographic Operations



Source: Company Reports

Given the geographic locations where Vertex operates for its customers, its operating activities are influenced by seasonal weather patterns. Additionally, given the description of services offered and general geographic footprint, Vertex has been exposed to the Oil & Gas industry. However, the Company has consciously diversified itself over the years such that this industry has become less of an influence on operations.

SERVICE OFFERINGS

Vertex has two main reportable segments, environmental services, and environmental consulting services.

Environmental Services

The Environmental Services group accounted for about 68% of revenue in 2021. The segment provides a wide range of services related to transportation, removal, storage, waste management and recycling, site services and industrial cleaning, and maintenance of facilities in an environmentally safe manner.

The segment operates and maintains leased equipment, subcontractors, or consultants to deliver its services. The segment operates and maintains a fleet of specialized equipment to deliver its services and at F21 year end, this equipment included:

- 240 power units
- 312 trailers with access to 83 power units
- 14 trailers with owner operators
- 1,443 pieces of equipment in its rental fleet and,
- A fleet of light trucks and equipment.

Environmental Consulting

The Environmental Consulting segment represented about 31% of revenue in 2021. The segment provides a variety of services related to assisting its clients to meet their respective environmental standards, environmental legislation, and related environmental compliance requirements. Additionally, the segment provides a variety of services that include:

- advisory services to new capital expenditure and asset development
- environmental consulting and monitoring existing assets
- emission management solutions
- sub-surface engineering
- facility engineering
- asset retirement and
- land reclamation services

The segment uses employees, consultants, vehicles, and equipment to manage and carry out projects. The Company also uses rented or leased equipment when necessary to deliver its services.

GROWTH STRATEGY

Vertex is seeking to be the leading provider of integrated environmental services and solutions to a diverse group of clients, across multiple industries operating in Canada and the U.S. The Company intends to achieve this goal via its growth strategy that is centered on organic growth coupled with acquisitions.

From an organic growth perspective, the Company is seeking a dual pronged approach to its growth. First, it is seeking to expand its geographic footprint. And next, it is also looking to expand its service offerings and cross sell Vertex's diverse offerings to its customers. The main goal of this two-pronged approach is to increase utilization rates of the Company's primary assets, its people and equipment.

The Company has identified various organic growth opportunities such as:

- Pipelines, Utilities, Telecommunications & Government – The Company is working to expand and adapt its service offerings to attract new project awards.
- Mining – Vertex continues to focus on the coal and potash mining sector, processing, and power plant shutdowns, including the management of peat, vegetation, and wildlife throughout the life of these projects.
- O&G and Mining Abandonment – Vertex notes that Canadian provinces, Alberta, and British Columbia, are developing regulations that impose timelines on the clean-up of dormant well sites. Other jurisdictions are imposing higher security deposits to achieve cleanup efforts. As such, Vertex continues to be involved in O&G abandonments, coal and potash mine abandonments and reclamation projects.
- Operation and Maintenance Projects – For E&P companies, continual maintenance is required to ensure optimal production capabilities. As such, it is a greater portion of E&P customer spend and is a more stable stream of revenue to Vertex.

On the acquisition side, the Company is continuing to seek accretive, strategic opportunities. With a highly fragmented market, management believes there are ample opportunities to consolidate at attractive valuations.

From FY17 through FY21, Vertex has made 9 acquisitions from ~CAD\$2M to ~CAD\$17M in transaction size. The Company's most recent acquisition was MAD Oilfield Solutions, Inc. MAD provides industrial cleaning, waste management, and hydro-excavation services in Northern Alberta. The acquisition bolstered Vertex's operations by (1) securing maintenance work with 3 to 5-year contracts; (2) strengthening the Company's presence in oilsands; and (3) adding complementary assets to its existing industrial cleaning service offering. Vertex acquired MAD for CAD\$17.2M at an implied TTM EV/EBITDA multiple of 2.34x and 0.86x EV/Assets.

In April 2022, Vertex closed the acquisition of Cordy Oilfield, which should increase the strength and service offerings of Vertex across its operations. The acquisition will create a stronger environmental services business that is expected to enhance free cash flow generation through savings from integration, elimination of duplicate costs, and increased fleet and personnel utilization. Vertex is to issue 18.9M shares of Vertex common to Cordy. Concurrently, Vertex also raised CAD\$15M through a 5-year convertible debt offering, at an annual interest rate of 8% and with a conversion price of \$0.65. Importantly, the acquisition is expected to be immediately accretive to CFFO and FCF per share with the anticipated synergies.

Vertex continues to maintain a solid acquisition pipeline.

Exhibit 4: Acquisition Pipeline



Source: Company Reports

MARKET GROWTH OPPORTUNITIES

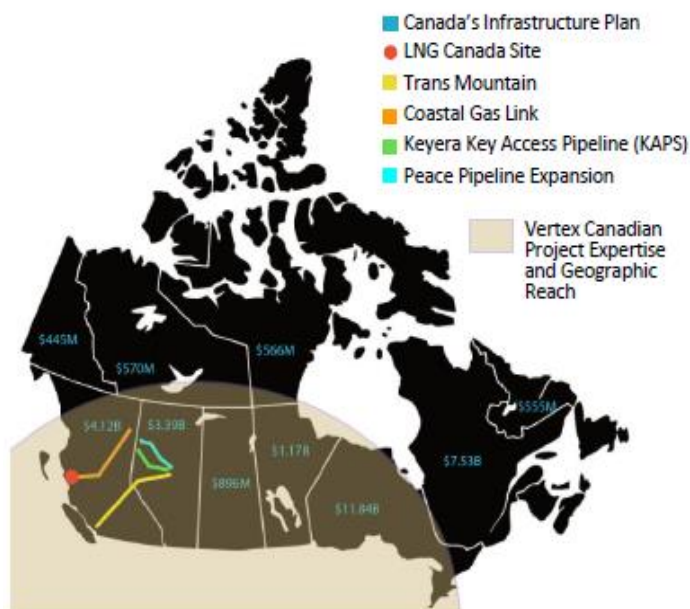
Through Vertex's growth strategy, management is positioning the Company to take advantage of key, end market growth drivers. These areas of focus include infrastructure project development, E&P operating and maintenance spending, and new funds for abandonment and reclamation.

Infrastructure Project Development

Vertex has identified large capital projects in Canada that are progressing through regulatory processes. Management notes that relatively smaller projects have been granted approval and Government infrastructure projects are proceeding. Management believes this presents a large opportunity for Vertex's service offerings. Key industry drivers include:

- Canadian Telecom 5G Network Upgrade to drive CAD\$3M to CAD\$5M in revenue over the next 4 years.
- Keyera Pipeline is a CAD\$1.3B project expected to generate CAD\$1M in revenue/year for the next 2 years.
- Trans Mountain is a CAD\$12.6B project, with expected revenue for Vertex of CAD\$4.5M over the next 2 years.
- Coastal Gas Link is a CAD\$6.2B project expected to generate CAD\$0.5M in 2021 and 2022.
- LNG Canada is building a CAD\$40B LNG facility and provides opportunity to provide site services and manufactured buildings at CAD\$1.5M
- Canada's CAD\$180B Infrastructure Plan is expected to drive CAD\$5M+ per year over the next 12 years.
- Petro Chemical Plant at Inter Pipeline, Pembina, and Dow Chemicals. Site services and engineering services at CAD\$0.5M

Exhibit 5: Infrastructure Project Opportunities

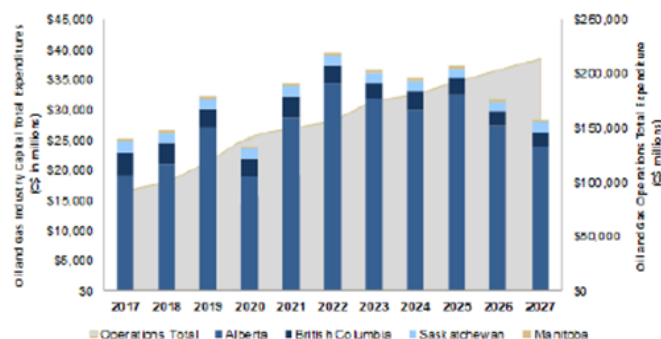


Source: Company Reports

E&P Operation & Maintenance

Operating expenditures by upstream and midstream E&P companies are a continual requirement to support production and processing volumes. Additionally, inactive assets, turned active, require a significant capital spend on maintenance and operating activities to restart E&P. Furthermore, there is extensive environmental monitoring to ensure emission standards are met due to new regulations being adopted and implemented by Canadian Province Government entities. Given these dynamics, this end-market represents a more stable and consistent revenue stream.

Exhibit 6: Canadian E&P Capex & Maintenance Spending Trends



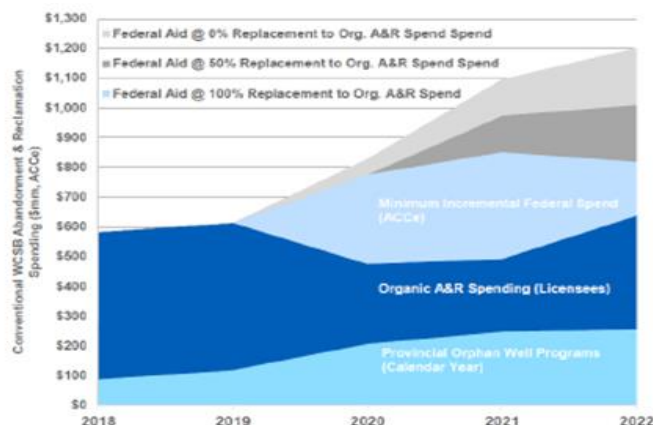
Source: Company Reports

Abandonment & Reclamation

The total conventional abandonment and reclamation (A&R) spending is estimated at CAD\$615M in 2019. Driven by various Government regulations and incentives, A&R spending is expected to double to ~CAD\$1.2B by 2022.

Vertex has established itself as a market leader in the A&R market. Further in enhancing its leadership position is that Vertex has successfully secured funding in all 3 western provinces in Canada in all phases.

Exhibit 7: A&R Market Growth



Source: Company Reports

FINANCIAL OVERVIEW

Vertex has historically show consistent growth driven by organic and acquisition growth. While F20 results were negatively impacted by the global pandemic, F21 saw growth again as global economies re-opened.

Exhibit 8: Historical Financial Summary

| Years ending December 31 (C \$M's) | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|-------|-------|-------|-------|-------|
| Revenue | 118.4 | 150.4 | 168.1 | 136.1 | 188.9 |
| COGS | 86.1 | 109.9 | 129.4 | 7.6 | 139.2 |
| Gross Profit | 32.3 | 40.5 | 38.6 | 128.5 | 49.7 |
| Gross profit margin | 27% | 27% | 23% | 94% | 26% |
| SG&A | 16.7 | 19.9 | 17.0 | 14.1 | 18.3 |
| Adj EBITDA | 15.5 | 20.8 | 24.0 | 26.8 | 31.4 |
| Margin | 13% | 14% | 14% | 20% | 17% |
| Assets | 144.2 | 184.8 | 171.5 | 151.2 | 186.6 |
| Total Debt | 62.2 | 87.6 | 81.3 | 59.6 | 79.5 |
| Total Equity | 59.8 | 65.7 | 53.6 | 48.0 | 49.7 |
| Net Capex | 2.4 | 4.0 | 5.8 | 3.0 | 6.2 |
| FCF | 13.8 | 18.2 | 12.3 | 15.2 | 21.8 |

(*) Total debt in table excludes leases

Source: Company Reports

Vertex had a strong finish to a year that started slowly, recovering each quarter both through increased revenue and operating profits. Driving this was the reopening of economies past Covid-19 resulting in increased access to work sites, increases in government spending on infrastructure, increased capital spending, and the resumption of scheduled facility maintenance along with greater energy exploration. We also note that Vertex amended its credit facilities in June 2021 that extended its credit facilities to May 2023, and relaxed debt covenants to provide increased financial flexibility.

Q122 was a strong quarter driven by high commodity prices and improved demand for services. The global economy continues to emerge from the restraints of COVID only to replace health related concerns to concerns related to Russian's invasion of the Ukraine and the potential geopolitical and economic impacts in both the short and long terms.

Nonetheless, Vertex's diversification efforts with continued expansion in the utilities, telecommunications and government sectors have helped it grow revenue. Additionally, the Company is maintaining its focus on cost containment, operating efficiencies, geographic diversification, and sector diversification.

Vertex Outlook

Management expects North American economies will continue to benefit from favorable commodity prices in energy, utilities, agriculture, and forestry. Additionally, Vertex has major capital projects from multiple midstream, utilities/telecommunications, municipal infrastructure, and energy transition projects in 2022 and 2023. With its backlog reaching record levels, Vertex believes it is well positioned for strong earnings growth in 2022.

The current trend toward less carbon-intensive energy sources is also presenting new opportunities for Vertex. The Company is working closely with several indigenous partners and customers to advance projects that reduce carbon emissions, enhance biodiversity, carbon sequestration, utilize/convert to wind or solar, renewable natural gas, biofuels, helium, and emerging hydrogen opportunities.

According to economists, Alberta and Saskatchewan should lead Canada in growth in 2022 and 2023 due to prices of energy products and other key commodities having recovered sharply. Over the TTM, Alberta's exports of crude oil are up 86% and exports of natural gas are up 165%. Furthermore, the Ontario Ministry of Finance projects Ontario's real GDP to rise by 4.5% in 2022. Of note, Ontario's economy had been held back by some of Canada's toughest COVID-19 control measures. Backlog from halted projects, combined with new capital projects, is expected to give a boost to the services sector in 2022.

Additionally, the rapid rebound for raw materials, intermediate goods and various logistics services has been hampered by limited global supply. The Company expects to focus on its supply chains and rising costs, while continuing to develop agile and create strategies to address labor challenges that may persist for many years.

Importantly, in April 2022, the Company closed the acquisition of Cordy Oilfield Services, a provider of environmental and hydro-excavating services. The acquisition strengthens Vertex's environmental services business while providing additional FCF generation through integration efforts, elimination of duplicate costs, and by increasing utilization levels of the equipment fleet and personnel.

RISKS

Energy industry volatility – Vertex's business is directly affected by fluctuations in the levels of activity in the energy sector.

Seasonality – Vertex is susceptible to seasonal volatility and adverse weather conditions. Q1 and Q2 tend to be the weakest due to weather conditions.

Access to capital – The Company may need to raise additional capital to execute its business strategy. Capital may not be readily available, may not be on favorable terms, and/or could cause dilution.

Acquisition risk – Part of Vertex's strategy entails growth via acquisitions. There are numerous risks related to acquisitions such as integration risks, unforeseen liabilities, diversion of resources, loss of customers, etc.

Subject to extensive laws and regulations – The Company is subject to increasingly stringent and complex Federal, provincial, state, and local laws and regulations relating to its overall business.

Impairment of goodwill – The Company has a sizable amount of goodwill on its balance sheet, a resultant from its acquisition strategy. Any impairments could negatively impact operating results.

Debt levels – Vertex indebtedness could negatively impact operations by limiting the Company's ability to obtain additional financing, decrease its ability to meet opportunities and/or impair its competitive position vs. less leverage companies.

VALUATION

We are using an EV/EBITDA multiple analysis to help frame valuation. For comparable companies we used a mix of direct competitors coupled with other companies that have similar offerings in environmental services.

Exhibit 9: Comparison Analysis

Comparative Analysis

(all figures in \$M, except per share information)

| Company Name | Symbol | Price ⁽¹⁾ | S/O | Mrkt Cap | EV | EV/S ⁽²⁾ | | | EV/EBITDA ⁽²⁾ | | | P/E ⁽²⁾ | | |
|---|----------|----------------------|-------|-------------|-------------|---------------------|-------|--------------|--------------------------|-------|--------------|--------------------|-------|--------------|
| | | | | | | 2021 | 2022E | 5Yr Frwd Avg | 2021 | 2022E | 5Yr Frwd Avg | 2021 | 2022E | 5Yr Frwd Avg |
| WSP Global Inc. | TSX:WSP | \$ 146.67 | 118.1 | \$ 17,316.8 | \$ 19,438.6 | 1.9x | 2.2x | 1.7x | 15.6x | 12.9x | 11.8x | 39.7x | 25.7x | 23.8x |
| GFL Environmental Inc. | TSX:GFL | \$ 39.73 | 338.3 | \$ 13,440.7 | \$ 21,839.1 | 4.0x | 3.6x | 3.5x | 15.4x | 12.8x | 13.0x | NM | 53.5x | 79.7x |
| Stantec Inc. | TSX:STN | \$ 60.15 | 110.9 | \$ 6,668.7 | \$ 8,400.1 | 2.3x | 1.9x | 1.5x | 15.9x | 12.4x | 10.6x | 38.4x | 20.2x | 18.2x |
| Clean Harbors, Inc. | CLH | \$ 96.48 | 54.4 | \$ 5,251.4 | \$ 7,609.9 | 2.0x | 1.6x | 1.6x | 9.7x | 9.3x | 9.9x | 33.6x | 21.1x | 45.7x |
| Quest Resource Holding Corporation QRHC | | \$ 4.39 | 19.0 | \$ 83.6 | \$ 144.9 | 0.9x | 0.5x | 0.4x | 14.4x | 9.3x | 16.1x | 35.0x | NM | 64.4x |
| Average | | | | | | 2.2x | 2.0x | 1.7x | 14.2x | 11.3x | 12.3x | 36.6x | 30.1x | 46.4x |
| Median | | | | | | 2.0x | 1.9x | 1.6x | 15.4x | 12.4x | 11.8x | 36.7x | 23.4x | 45.7x |
| Vertex Resource Group Ltd. | TSXV:VTX | \$ 0.44 | 110.2 | \$ 48.5 | \$ 146.6 | 0.9x | 0.9x | 0.7x | 6.5x | 4.4x | 4.8x | NM | NM | 38.9x |

(1) Previous day's closing price

(2) Estimates are from Capital IQ

Source: Stonegate Capital Partners

Based on our F22 estimates, Vertex is trading at EV/EBITDA multiple of 4.4x, which compares to the comps at a median EV/EBITDA multiple 12.4x. While Vertex is trading at a considerable discount to the comps, we note that Vertex's debt levels and debt ratios are inferior to the comps. We also note that this discount has persisted over the prior 5-year period, with comps trading at an EV/EBITDA multiple of 11.8x vs. Vertex at 4.8x. Coupling current and historical multiples, along with Vertex's growth profile and focus to improve its debt profile, we believe an EV/EBITDA range of 5.0x to 7.0x is reasonable. Applying this range to our F22 estimates, we arrive at a valuation range of \$0.60 to \$1.25, with a mid-point of \$0.90.

Exhibit 10: Valuation Range Analysis

| EV/EBITDA | | | |
|--------------|---------|---------|---------|
| <u>2022E</u> | | | |
| EV/EBITDA | 5.0x | 6.0x | 7.0x |
| EBITDA | 33.2 | 33.2 | 33.2 |
| EV | 165.8 | 198.9 | 232.1 |
| Net debt | 98.2 | 98.2 | 98.2 |
| Mrkt value | 67.6 | 100.7 | 133.9 |
| S/O | 110.2 | 110.2 | 110.2 |
| Stock Price | \$ 0.61 | \$ 0.91 | \$ 1.22 |

Source: Stonegate Capital Partners

BALANCE SHEET

Vertex Resource Group Ltd.
Consolidated Balance Sheets (CAD\$ Ms)
Fiscal Year: December

| ASSETS | FY2020 | FY2021 | Q1 Mar-22 |
|---|---------------|---------------|----------------------|
| Assets | | | |
| Cash and Cash Equivalents | - | - | 0.5 |
| Accounts Receivable and Accrued Receivables | 32.4 | 55.2 | 57.5 |
| Contract Asset | 0.2 | 1.1 | - |
| Inventories | 3.3 | 4.2 | 4.2 |
| Prepaid Expenses and Deposit | 2.9 | 2.9 | 2.3 |
| Total Current Assets | 38.8 | 63.4 | 64.4 |
| Right of Use Assets | 20.0 | 21.8 | 21.5 |
| Property and Equipment | 64.2 | 72.8 | 71.8 |
| Deferred Income Taxes | 2.8 | 1.6 | 1.7 |
| Goodwill | 24.8 | 25.2 | 25.2 |
| Intangible Assets | 0.6 | 1.8 | 1.3 |
| Total Assets | 151.2 | 186.6 | 185.9 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current Liabilities | | | |
| Accounts Payable and Accrued Liabilities | 18.9 | 28.4 | 31.7 |
| Operating Loans | 0.3 | 0.4 | - |
| Current Portion of Loans and Borrowings | 17.0 | 18.4 | 15.4 |
| Current Portion of Lease Liabilities | 5.5 | 7.1 | 6.6 |
| Contract Liabilities | 1.2 | 2.8 | - |
| Current Portion of Other Liabilities | 0.6 | 1.4 | 1.4 |
| Total Current Liabilities | 43.4 | 58.5 | 55.1 |
| Long Term Liabilities | | | |
| Loans and Borrowings | 42.6 | 61.1 | 51.4 |
| Lease Liabilities | 14.6 | 13.3 | 12.8 |
| Convertible Debentures | - | - | 12.5 |
| Deferred Income Taxes | 2.0 | 2.5 | 2.0 |
| Other Liabilities | 0.5 | 1.5 | 1.2 |
| Total Long Term Liabilities | 59.7 | 78.3 | 79.8 |
| Shareholders' Equity | | | |
| Common Stock - Par Value | 81.1 | 81.1 | 81.1 |
| Additional Paid in Capital | 3.6 | 3.6 | 3.7 |
| Equity Portion of Convertible Debenture | - | - | 2.0 |
| Deficit | (36.7) | (35.0) | (35.7) |
| Total Stockholders Equity | 48.0 | 49.7 | 51.0 |
| Total Liabilities and Shareholders' Equity | 151.2 | 186.6 | 185.9 |

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Vertex Resource Group Ltd.
Consolidated Statements of Income (in CAD \$Ms, except per share amounts)
Fiscal Year: December

| | FY 2019 | FY 2020 | FY 2021 | FY 2022E |
|--------------------------------------|------------------|-----------------|----------------|-----------------|
| Revenues | \$ 168.1 | \$ 136.1 | \$ 159.4 | \$ 202.7 |
| Direct Costs | 128.8 | 97.6 | 117.2 | 148.7 |
| Gross Profit | 39.3 | 38.5 | 42.3 | 53.9 |
| Expenses | | | | |
| General and Administrative Expenses | 17.0 | 14.1 | 16.1 | 20.8 |
| Share-based Compensation | 0.2 | 0.2 | - | 0.2 |
| Depreciation and Amortization | 22.8 | 17.9 | 19.6 | 20.2 |
| Impairments | 6.7 | 3.7 | - | - |
| Restructuring Costs | - | 1.9 | - | - |
| Finance Costs | 6.0 | 6.1 | 6.1 | 7.2 |
| Earnings before Taxes | (13.5) | (5.3) | 0.6 | 5.5 |
| Taxes and Other Expenses | | | | |
| Provision (Recovery) for Income Tax | (2.2) | 0.4 | (1.1) | 1.3 |
| Net Income (Loss) | \$ (11.3) | \$ (5.7) | \$ 1.7 | \$ 4.2 |
| EPS (loss) - Basic & Diluted | \$ (0.12) | \$ (0.06) | \$ 0.02 | \$ 0.04 |
| WTD Avg Shares Out - Basic & Diluted | 91.3 | 91.3 | 91.3 | 103.9 |
| Adjusted EBITDA | \$ 22.3 | \$ 24.5 | \$ 26.2 | \$ 33.2 |

Source: Company Reports, Stonegate Capital Partners estimates

IN THE NEWS

May 11, 2022 – Vertex Resource Group Ltd. Reports First Quarter 2022 Results.

May 05, 2022 – Modern West Climate Finance Group and Vertex Resource Group Announce Integrated Joint Venture to Accelerate the Development of Atmospheric Carbon Removal Projects.

April 25, 2022 – Vertex Resource Completes Acquisition of Cordy Oilfield Services.

March 22, 2022 – Vertex Resource Group Ltd. Reports Fourth Quarter and Fiscal 2021 Results.

March 7, 2022 – Vertex Closes \$15,000,000 Convertible Debenture Financing.

February 25, 2022 – Vertex Signs Amalgamation Agreement with Cordy Oilfield Services and Announces Concurrent Financing.

November 12, 2021 – Vertex Resources Group Ltd. Reports Third Quarter 2021 Results.

August 10, 2021 – Vertex Resource Group Ltd. Reports Second Quarter 2021 Results.

June 08, 2021 – Vertex Resource Group Ltd. Announces Release of its 2020 ESG Report.

May 12, 2021 – Vertex Resource Group Ltd. Reports First Quarter 2021 Results.

April 23, 2021 – Vertex Introduces Vertex Advisory Services.

March 22, 2021 – Vertex Resource Group Ltd. Reports Fourth Quarter and Fiscal 2020 Results.

March 02, 2021 – Vertex Resource Group Ltd. Acquires MAD Oilfield Solutions.

February 01, 2021 – Vertex Professional Services Ltd. Receives CSA Funding for Natural Resource Development.

January 14, 2021 – Vertex Resource Group Ltd. Announces Executive Management Changes.

January 11, 2021 – Vertex Resource Group Ltd. Appoints New Vice President of Engineering.

November 12, 2020 – Vertex Resource Group Ltd. Reports Third Quarter 2020 Results.

CORPORATE GOVERNANCE

Terry Stephenson – President & Chief Executive Officer – Mr. Stephenson founded and became President of Vertex in 2005. Mr. Stephenson began his career with KPMG LLP gaining experience in audit, due diligence, valuations, and taxation, where he advanced to Manager with a heavy clientele of construction clients. Mr. Stephenson joined Flint Energy Services Ltd. as the Director of Finance, where he was responsible for merger and acquisition transaction structure, support, and execution along with public company compliance, tax planning and treasury management. In 2005, Mr. Stephenson founded Blackjack Investments Ltd., a privately held investment company focused on investments in the energy and resources sector. Mr. Stephenson has been a finalist for Ernst and Young's Entrepreneur of the Year Award and has been considered a Rising Star in a publication of Oil Week. Mr. Stephenson holds a Bachelor of Commerce degree from the University of Alberta is a Chartered Professional Accountant and currently sits on the boards of several private ventures.

Sherry Bielopotocky– Chief Financial Officer – Ms. Bielopotocky joined Vertex in 2005 and prior to her appointment as CFO, held the position of VP, Corporate Services at Vertex from 2015 to 2021. Ms. Bielopotocky brings over 20 years of experience in strong business processes, financial management and analysis with a focus on growth, and operational execution. More specifically, she has significant experience with merger and acquisition integration, risk management, contracts, and public company reporting and compliance. Industry experience includes consulting, logistics, manufacturing, and construction. Ms. Bielopotocky holds a Bachelor of Applied Business Administration-Accounting Degree from the Northern Alberta Institute of Technology and is a Chartered Professional Accountant.

Paul Blenkhorn, P.Eng – VP, Consulting Services - Mr. Blenkhorn began his career with Hood Packaging Corporation, a privately held manufacturing company in the paper converting and packing industry. At Hood Packaging Corporation, Mr. Blenkhorn gained experience in process improvement, capital investment, technical sales support, product development in a wide array of business efficiency and improving initiatives. Mr. Blenkhorn joined Pioneer Land Services Ltd. in 2006, as a project engineer but quickly became responsible for the development and growth of their environmental division. Mr. Blenkhorn holds a Bachelor of Engineering Science degree from the University of Western Ontario and is a Professional Engineer, registered in both Alberta and Saskatchewan.

Christopher Challis – VP, Logistics - Mr. Challis has over 20 years of experience in the energy services industry, successfully leading public and private transportation companies in the Western Canadian Sedimentary Basin and throughout the United States, Mr. Challis brings a wealth of industry management experience and knowledge and has been involved in successful capital restructuring and turnarounds in the transportation industry. A proven safety leader, Mr. Challis is client-focused and thrives on providing solutions to customer challenges. Executing on growth and diversification strategies are Chris's strengths that have allowed him to build strong and successful teams. Mr. Challis holds a Bachelor of International Management degree with a minor in French and German from the University of Lethbridge.

Board of Directors:

Brian Butlin – Chairman of the Board

Terry Freeman – Director

Trent Baker–Director

Stuart O'Connor– Director

Stuart King - Director

Terry Stephenson– CEO, President, Director

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CONTACT INFORMATION

Investor Relations

Vertex Resources
161, 2055 Premier Way
Sherwood Park, AB, T8H 0G2
Phone: 780-464-3295
www.vertex.ca

Investor Relations

Stonegate Capital Partners
8201 Preston Rd.-Suite 325
Dallas, Texas 75225
Phone: 214-987-4121
www.stonegateinc.com